



OP Financial Group's Interim Report for 1 January–30 September 2021

Background material

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- OP Financial Group's Interim Report
- Retail Banking
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A woman with blonde hair, wearing a red fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is smiling and talking on a mobile phone. She is standing in a city street at dusk, with warm streetlights and blurred buildings in the background. A white horizontal line is positioned above the text.

OP Financial Group's Interim Report

Earnings before tax EUR 858 million – strong increase in income from customer business

	Q1-Q3/2021	Q1-Q3/2020	Change, %	Q1-Q4/2020
Earnings before tax, € million	858	526	63.1	785
Retail Banking	224	100	123.3	115
Corporate Banking	356	221	60.6	349
Insurance	380	195	95.4	348
Other Operations	-70	39	-278.8	3
New OP bonuses accrued to owner-customers	-157	-194	-	-255
Return on equity (ROE), %	6.9	4.4	2.5 *	5.0
Return on equity excluding OP bonuses, %	8.1	6.0	2.1 *	6.6
Return on assets (ROA), %	0.56	0.36	0.20 *	0.42
Return on assets excluding OP bonuses, %	0.66	0.49	0.16 *	0.55
	30 September 2021	30 September 2020	Change, %	31 December 2020
CET1 ratio, %	19.0	18.3	0.7 *	18.9
Loan portfolio, € bn	95.2	94.2	1.1	93.6
Deposits, € bn	74.6	70.7	5.5	70.9
Ratio of non-performing exposures to exposures, %**	2.4	2.1	0.3 *	2.5
Ratio of impairment loss on receivables to loan and guarantee portfolio, %	0.13	0.25	-0.12 *	0.23
Owner customers (1,000)	2,045	2,021	1.2	2,025

Comparatives deriving from the income statement are based on figures reported for the corresponding periods in 2020. Unless otherwise specified, balance-sheet and other cross-sectional figures on 31 December 2020 are used as comparatives.

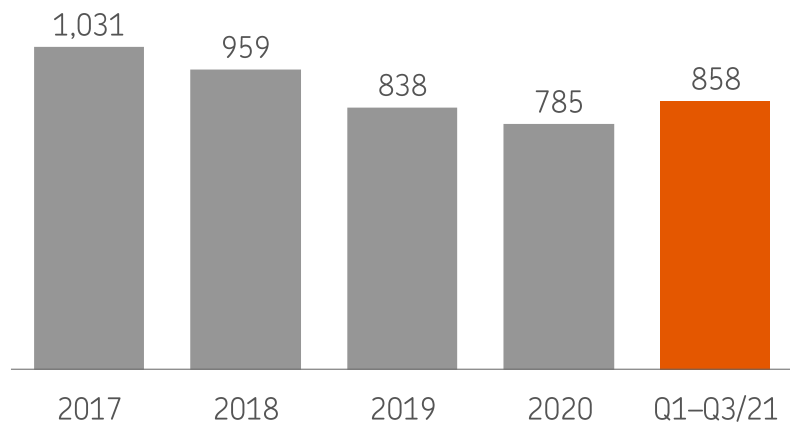
* Change in ratio

** The name and content of the ratio was changed in Q1/2021. Comparatives have been adjusted accordingly.

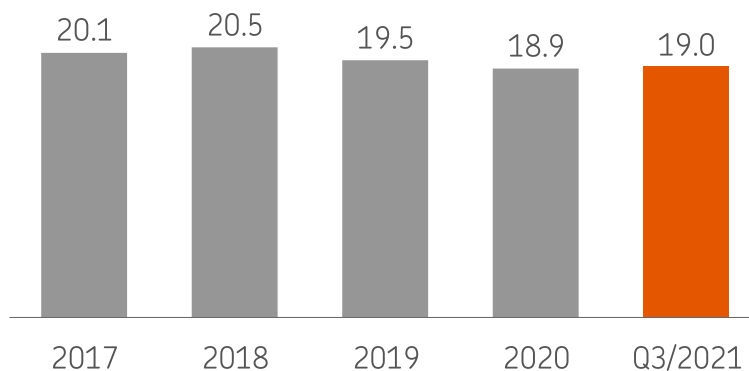
- Earnings before tax improved by 63% to EUR 858 million (526).
- Income from customer business increased by 7% to EUR 2,274 million (2,116). Net interest income grew by 1% to EUR 971 million (960), net insurance income by 14% to EUR 542 million (476) and net commissions and fees by 12% to EUR 761 million (679).
- Investment income rose by EUR 128 million to EUR 204 million (76) year on year.
- Total income increased by 14% to EUR 2,573 million (2,268).
- Total expenses remained at the previous year's level at EUR 1,420 million (1,414).
- Impairment loss on receivables was EUR 95 million (183), or 0.13% (0.25) of the loan and guarantee portfolio. A year ago, impairment loss on receivables was increased by the effects of the Covid-19 pandemic on loan portfolio quality and by the adoption of the new definition of default based on a regulatory change.
- OP Financial Group's loan portfolio grew by 1% to EUR 95 billion (94) and deposits by 6% to EUR 75 billion (71) year on year.
- The CET1 ratio was 19.0% (18.9).

OP Financial Group's earnings and capital adequacy

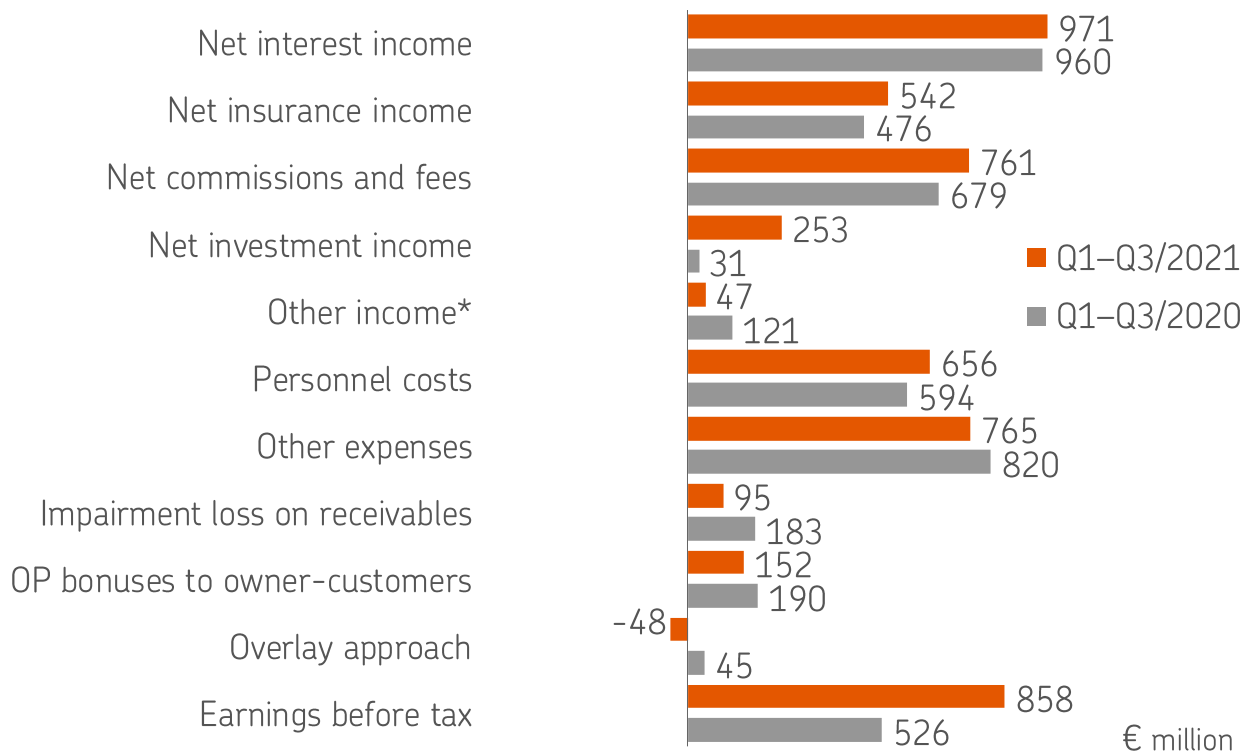
Earnings before tax, € million



Common Equity Tier 1 ratio (CET1),%



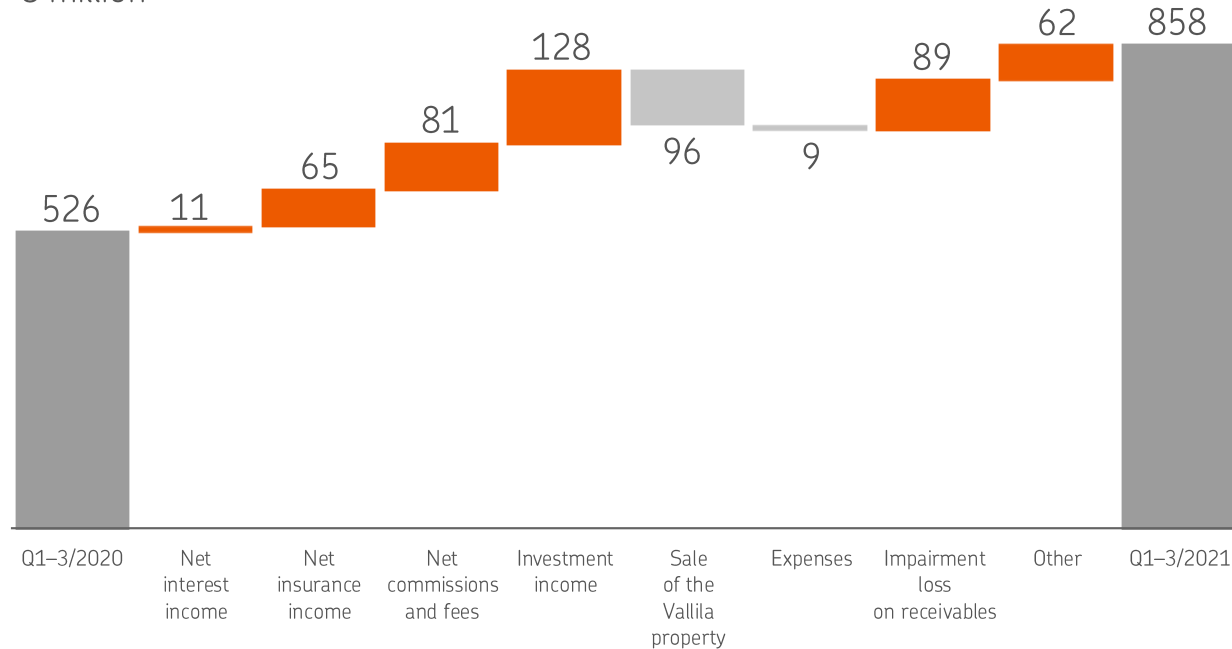
OP Financial Group's main income statement items



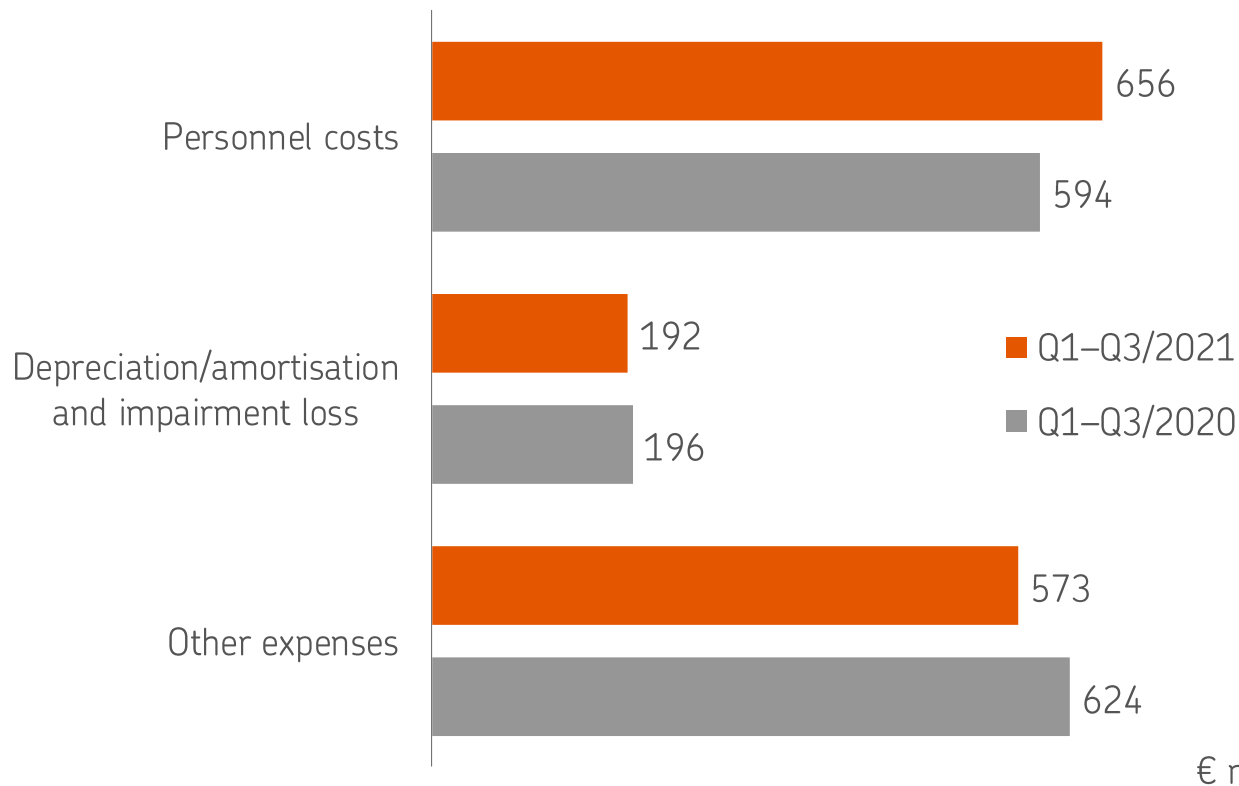
*Includes a capital gain on the sale of the Vallila property (2020)

OP Financial Group's financial performance

€ million

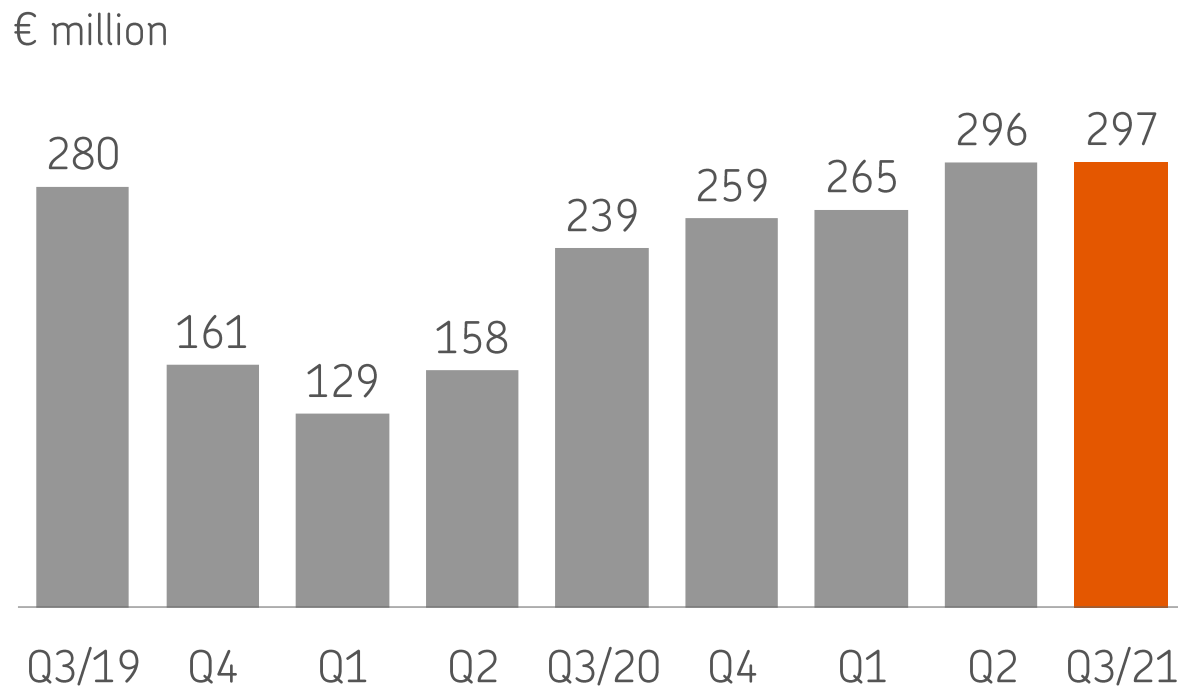


OP Financial Group's cost performance

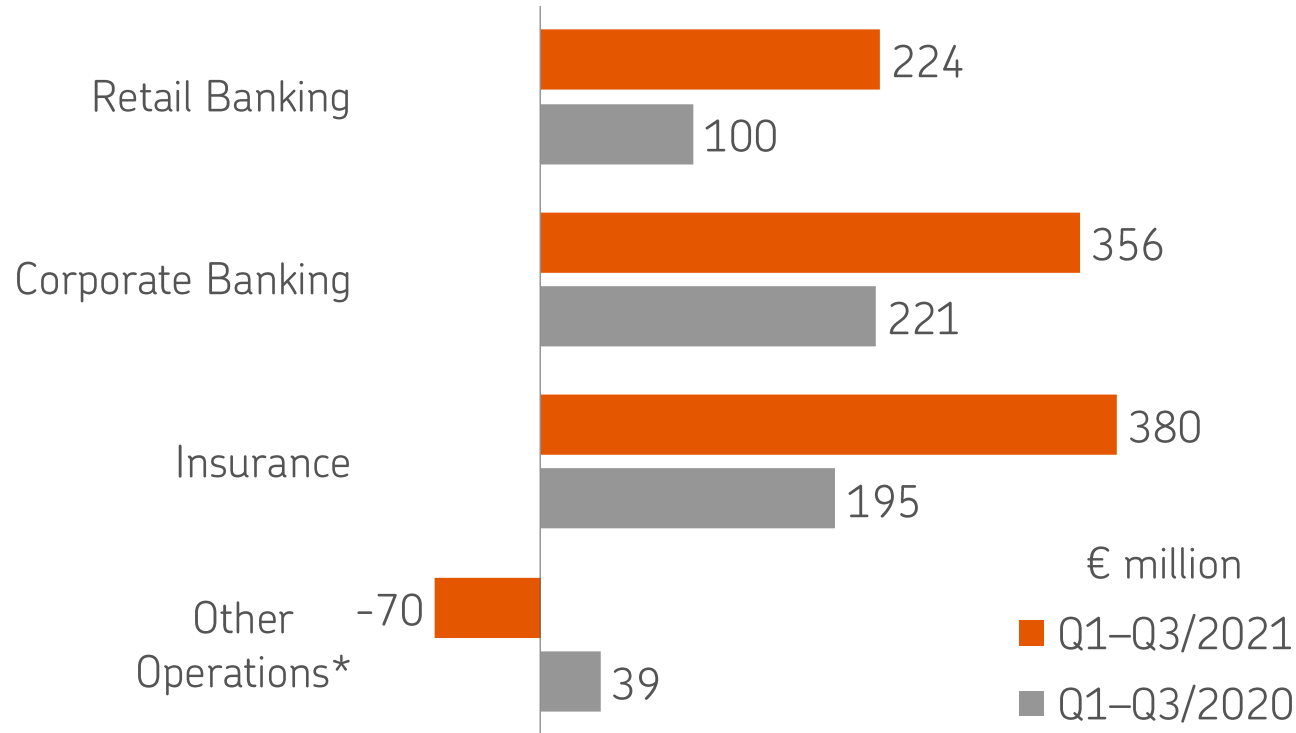


€ million

OP Financial Group's EBT by quarter



OP Financial Group's EBT by business segment



*Including a capital gain on the sale of the Vallila property (2020)

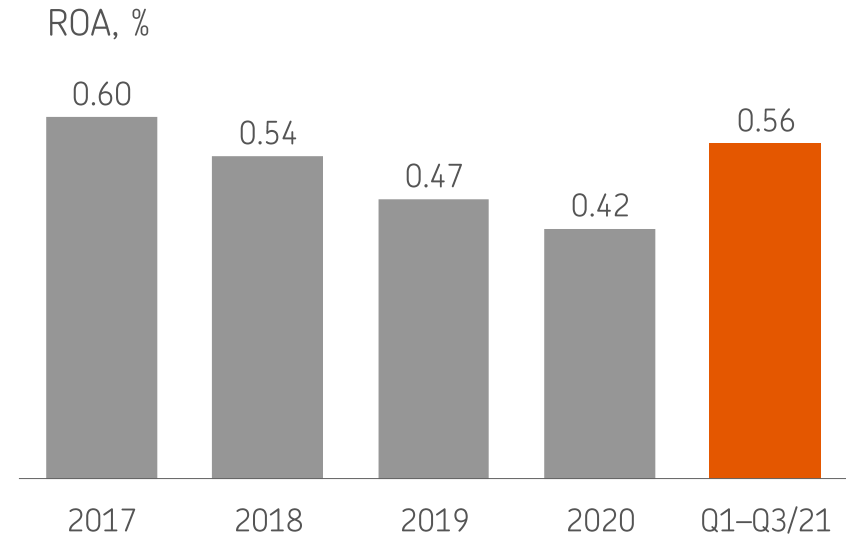
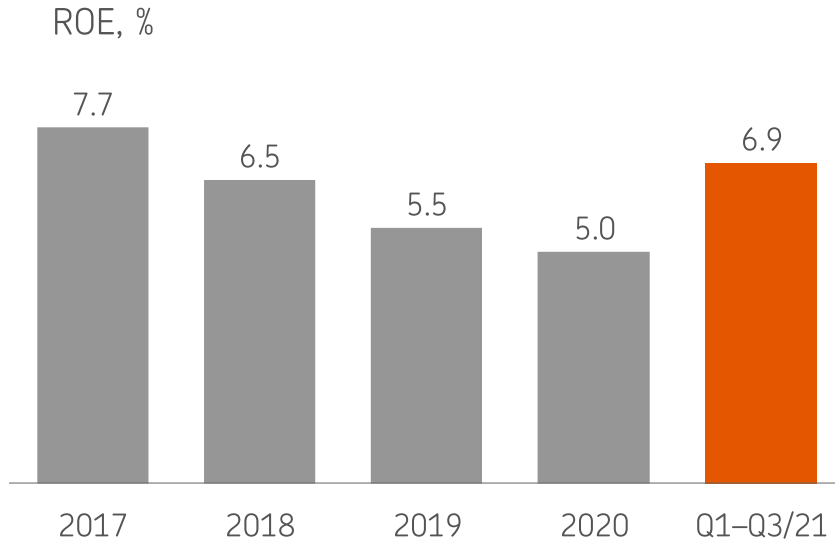
OP Financial Group's income statement

January 1 to September 30	2021	2020	Change, € million	%	Q3/21	Q3/20	Change, %
Net interest income	971	960	11	1.1	331	315	4.9
Net insurance income	542	476	65	13.7	215	181	18.9
Net commissions and fees	761	679	81	12.0	249	224	11.1
Net investment income	253	31	222	716.2	-2	59	-104.2
Other operating income	47	121	-74	-61.3	4	8	-49.5
Total income	2,573	2,268	305	13.5	796	787	1.2
Personnel costs	656	594	62	10.4	195	179	9.0
Depreciation/amortisation and impairment loss	192	196	-4	-2.1	64	67	-5.2
Other operating expenses	573	624	-51	-8.2	170	174	-2.6
Total expenses	1,420	1,414	7	0.5	429	421	1.9
Impairment loss on receivables	-95	-183	89	-	-59	-17	-
OP bonuses	-152	-190	38	-	-53	-65	-
Overlay approach	-48	45	-93	-207.9	42	-44	-196.4
Earnings before tax	858	526	332	63.1	297	239	24.0

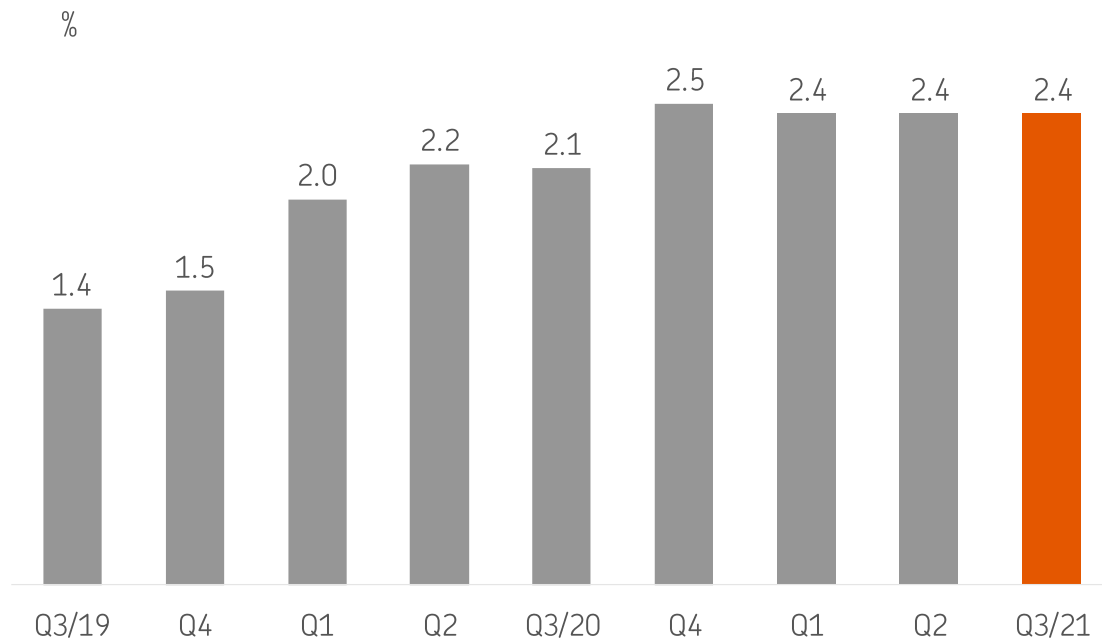
OP Financial Group's quarterly performance

€ million	Q1/2020	Q2	Q3	Q4	Q1	Q2	Q3/2021
Net interest income	319	327	315	324	316	324	331
Net insurance income	131	164	181	95	157	170	215
Net commissions and fees	244	211	224	252	270	242	249
Net investment income	-140	112	59	153	146	109	-2
Other operating income	107	5	8	11	7	36	4
Total income	662	819	787	835	896	881	796
Personnel costs	208	207	179	120	222	238	195
Depreciation/amortisation and impairment loss	65	64	67	77	64	65	64
Other operating expenses	245	204	174	228	221	181	170
Total expenses	518	475	421	425	507	484	429
Impairment loss on receivables	-105	-60	-17	-42	-22	-13	-59
OP bonuses to owner-customers	-60	-64	-65	-61	-46	-52	-53
Overlay approach	151	-62	-44	-48	-55	-36	42
Earnings before tax	129	158	239	259	265	296	297

OP Financial Group's return on equity

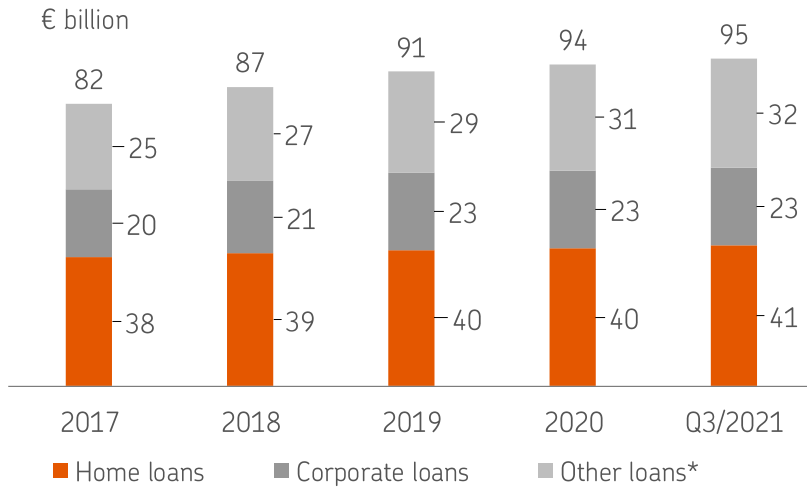


Ratio of non-performing exposures to exposures*

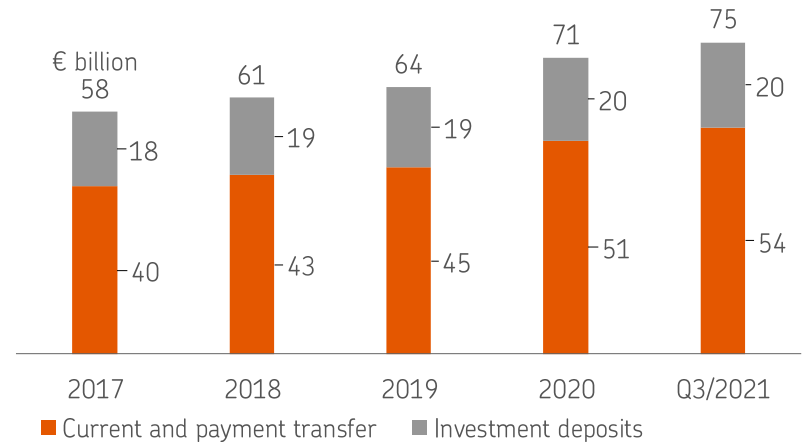


*Key ratios were changed from net to gross as of the beginning of 2021, i.e. non-performing receivables no longer include loss allowance. At the same time, a more comprehensive concept of doubtful receivables was adopted which includes all off-balance-sheet non-performing exposures. In the key ratios, the new denominator includes the loan and guarantee portfolio, deferred interest income and unused standby credit facilities. Comparatives have been adjusted accordingly.

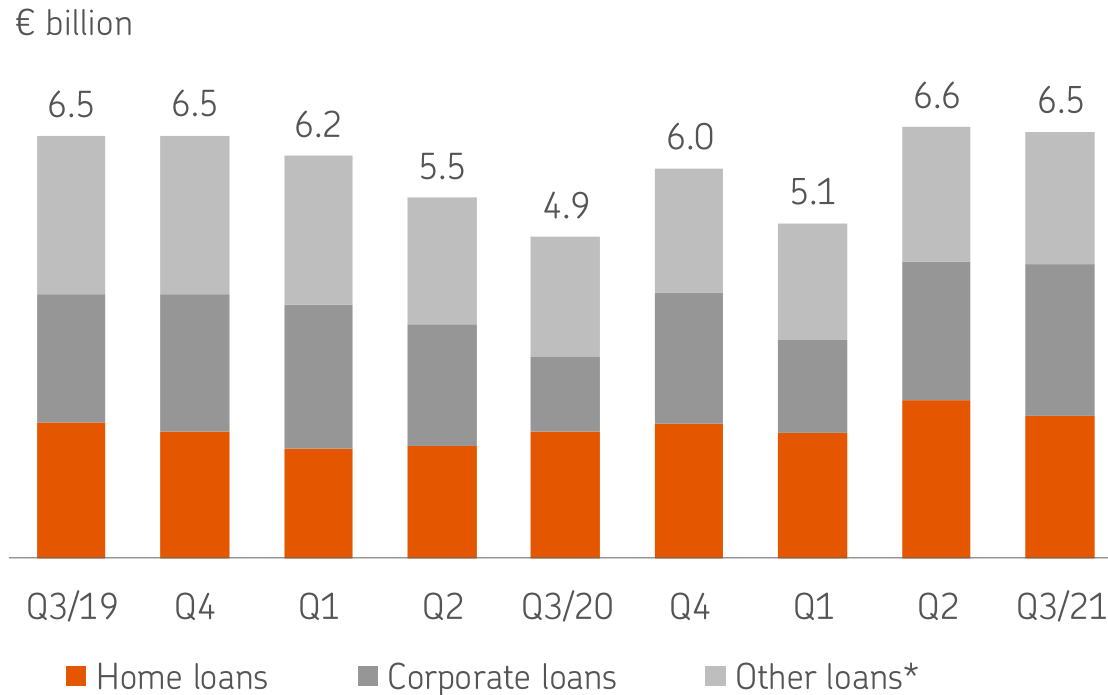
OP Financial Group's loan portfolio grew by 1.1% and the deposit portfolio by 5.5% year on year



* incl. housing companies and public-sector entities



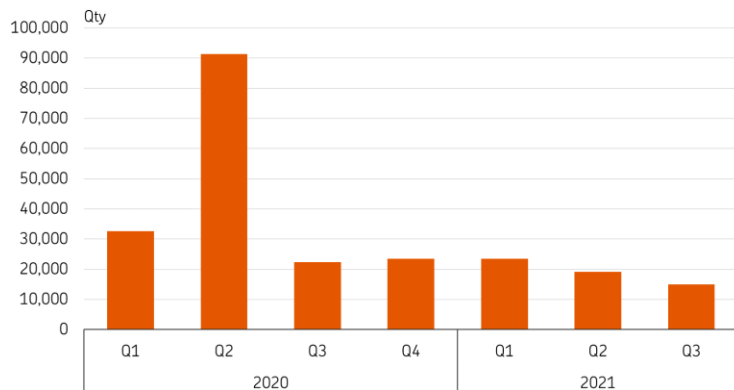
OP Financial Group's new loans drawn down



*incl. housing companies and public-sector entities

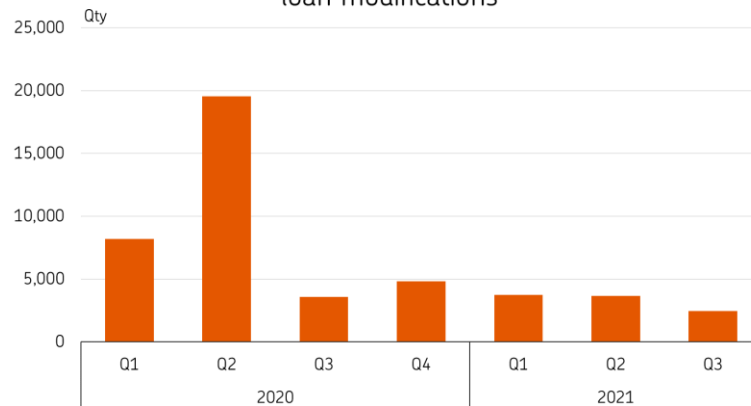
Actual repayment holidays and loan modifications

Personal customers' repayment holidays



The graph shows the actual number of personal customers' repayment holidays for the reporting period and for 2020. The quarter is determined by the date of execution of the repayment holiday.

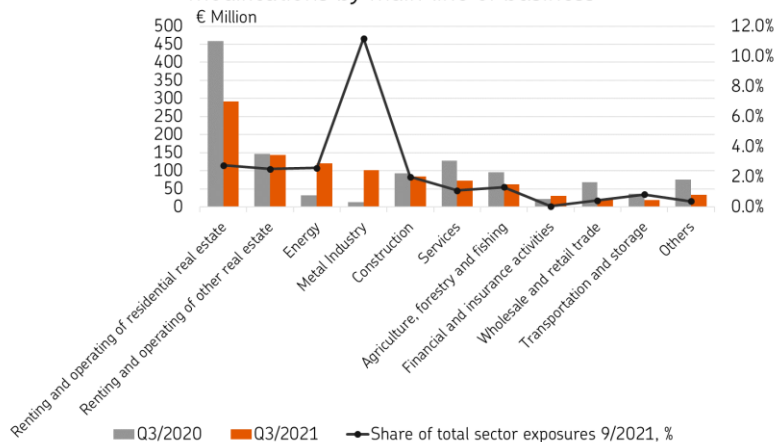
Corporate customers' repayment holidays and loan modifications



The graph shows the actual number of corporate customers' loan modifications and repayment holidays by quarter for the reporting period and for 2020. The quarter is determined by the date of execution of the change. Monitoring has been brought into line with the monitoring of personal customers and the comparison data has been adjusted between quarters.

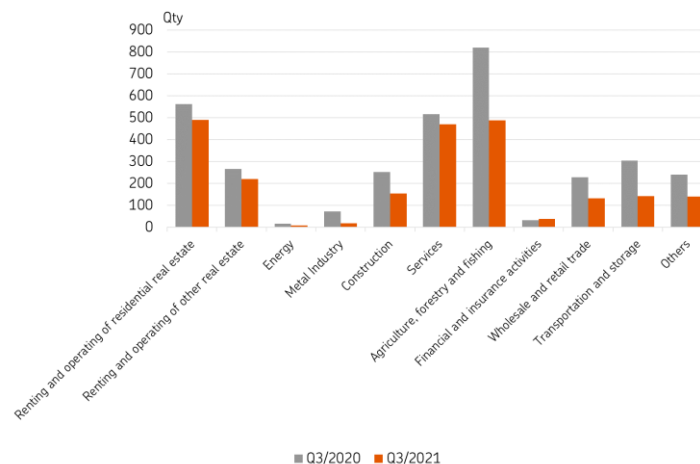
Corporate customers' repayment holidays and loan modifications by sector

Corporate customers' repayment holidays and loan modifications by main line of business



The graph shows by sector the corporate exposures affected by repayment holidays and loan modifications implemented during the third quarter of 2021 and 2020. The graph also shows by sector the percentage of exposures for which a repayment holiday or loan modification was agreed during the reporting period.

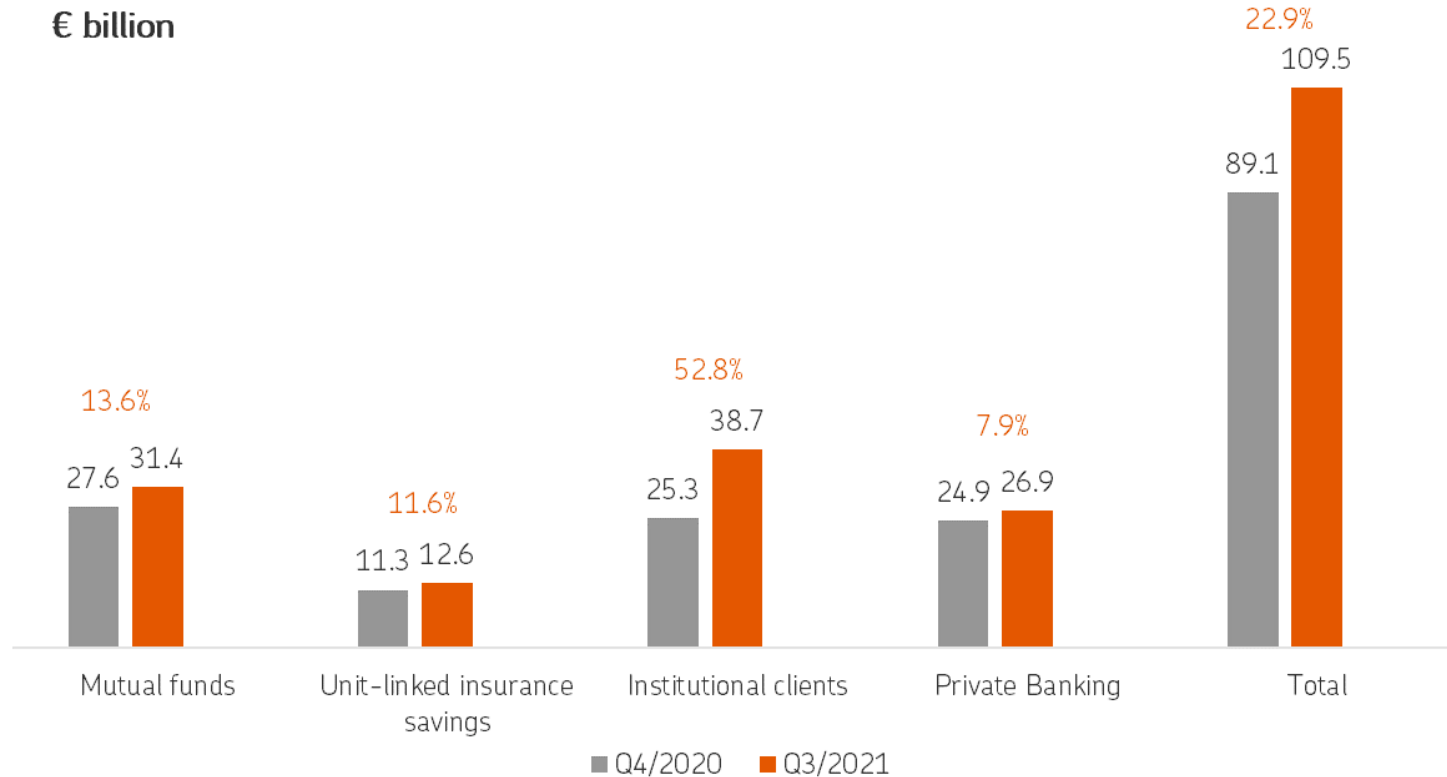
Corporate customers' repayment holidays and loan modifications by main line of business



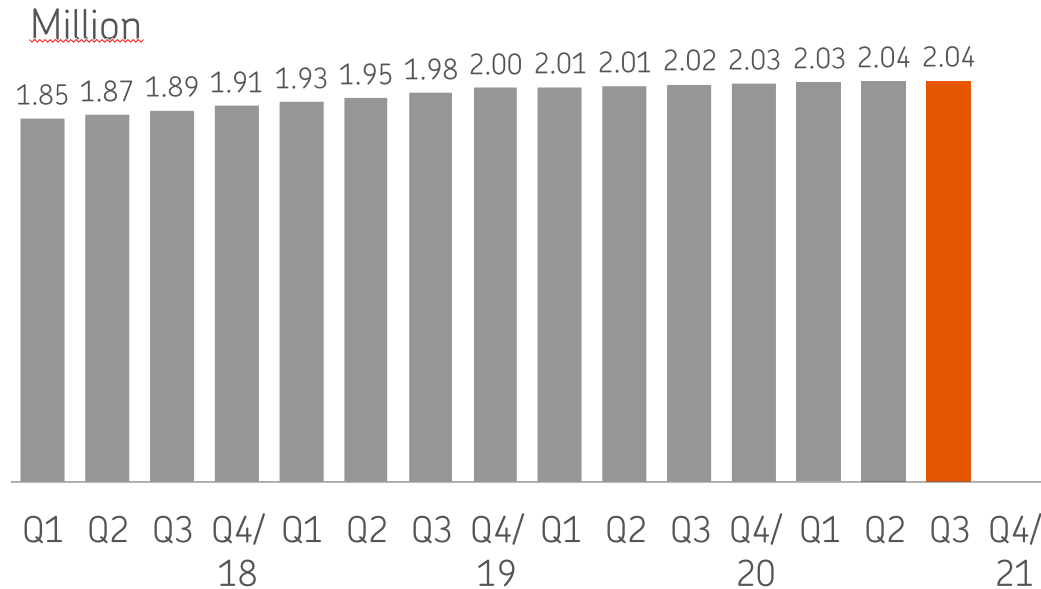
The graph shows by sector the repayment holidays and loan modifications implemented on corporate exposures during the third quarter of 2021 and 2020.

OP Financial Group's assets under management

€ billion



More than 2 million owner-customers



A woman with blonde curly hair, wearing a maroon fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is smiling and talking on a smartphone. She is standing on a cobblestone street in an urban setting with blurred buildings and warm streetlights in the background. A white horizontal line is positioned above the text 'Retail Banking'.

Retail Banking

Retail Banking

OP Financial Group's Retail Banking is the Group's largest business segment by volume, providing private and SME customers with an extensive and comprehensive range of products and services.

- Services and products for private customers include daily banking, loans, savings and investments, and housing-related services. OP is Finland's leading provider of home loans.
- OP provides private and SME customers with a wide range of services for financing, payment transactions and cash management, investment, risk management and the development of business. We always tailor our solutions to the needs of our corporate customers.

Retail Banking consists of banking for private and SME customers at OP cooperative banks and at the central cooperative.

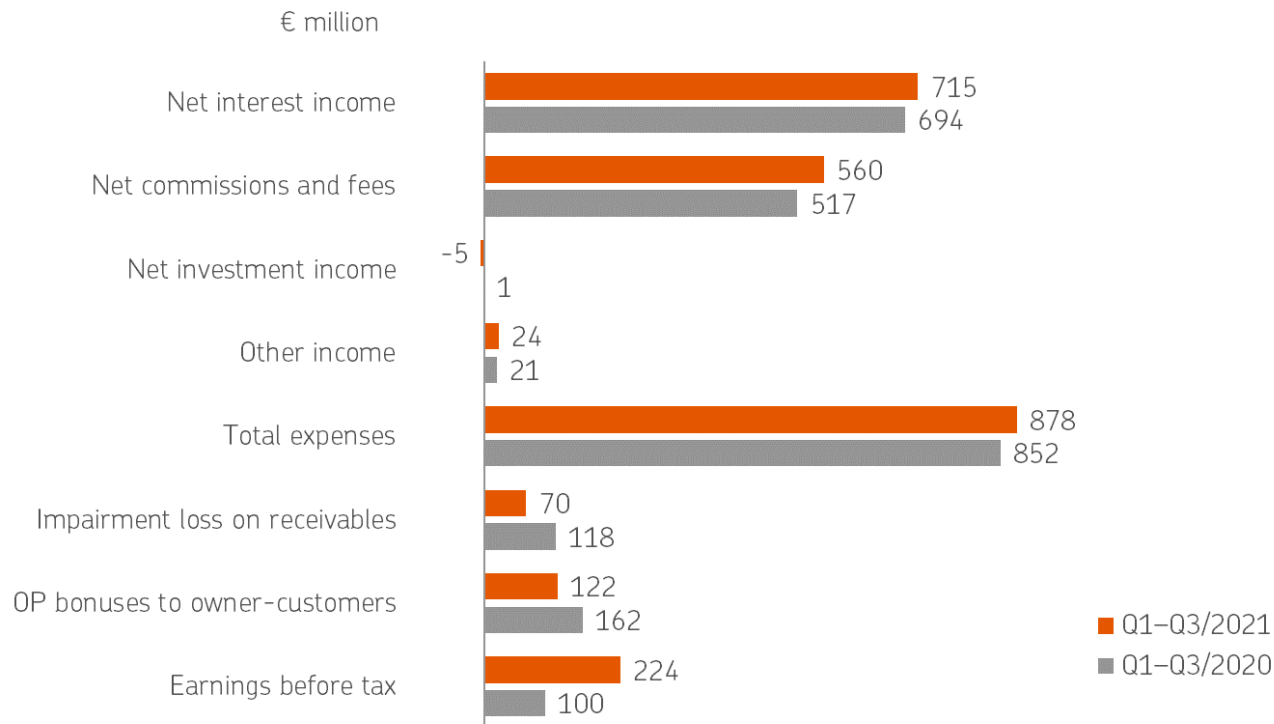
Key figures for Q1–Q3/2021

Earnings before tax
€224 million

Loan portfolio
€70.6 billion

Deposit portfolio
€61.8 billion

Retail Banking earnings before tax, EUR 224 million, improved year on year

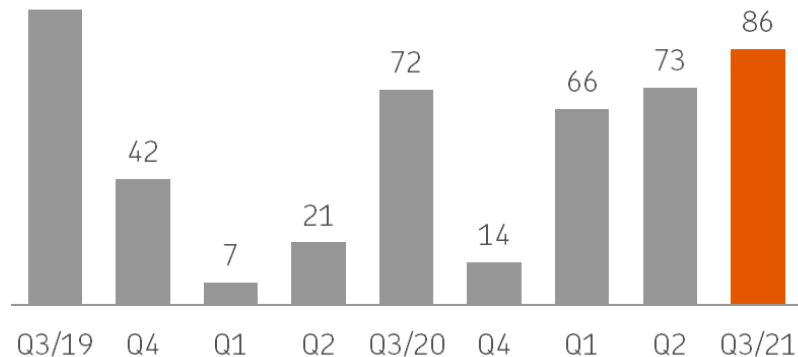


Retail Banking earnings before tax increased significantly year on year

€ million

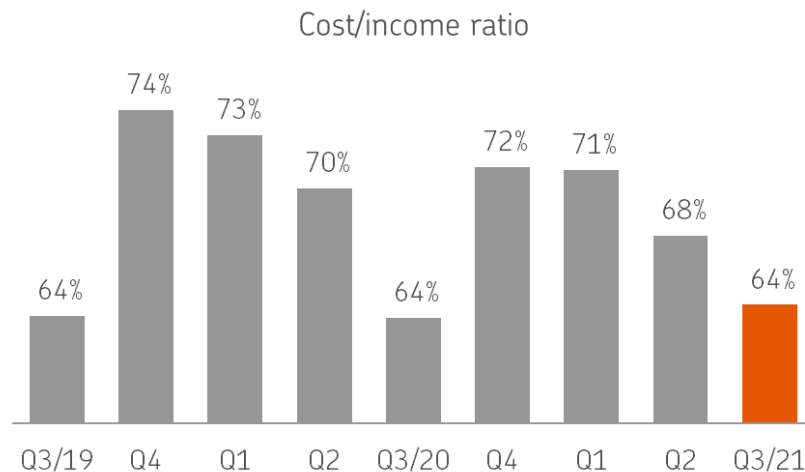
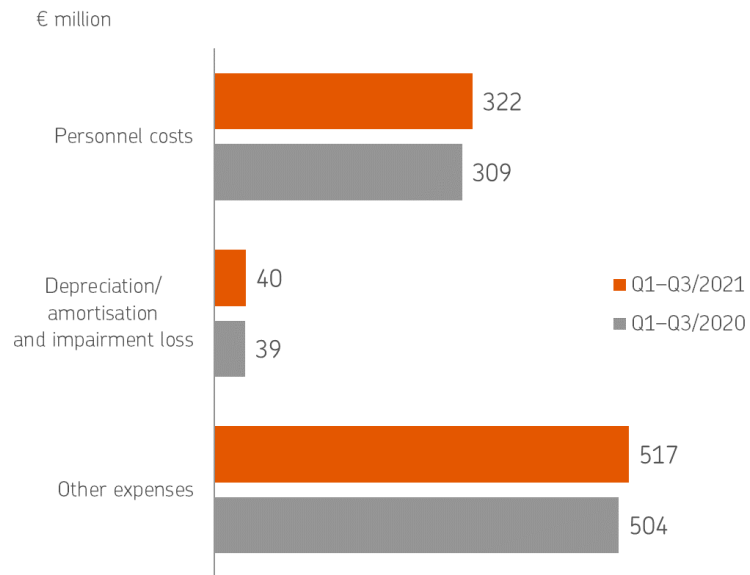


€ million



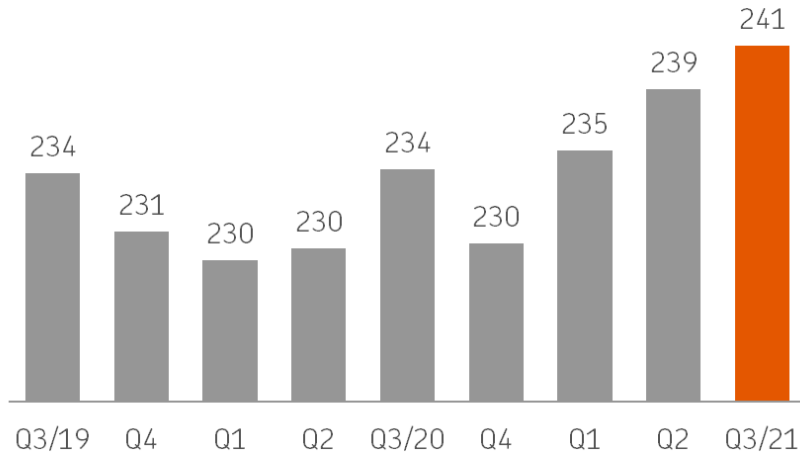
Total income rose by 5.0% and total expenses by 3.1%.

Personnel costs, EU stability contribution and risk management costs increased year on year

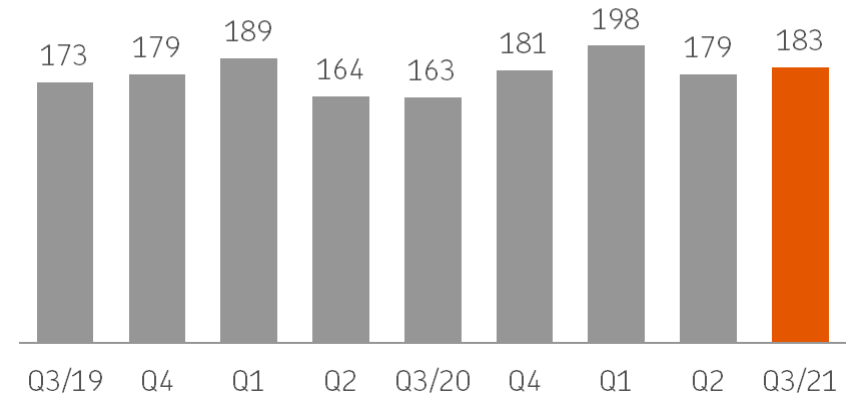


Net interest income and net commissions and fees increased year on year

Net interest income, € million

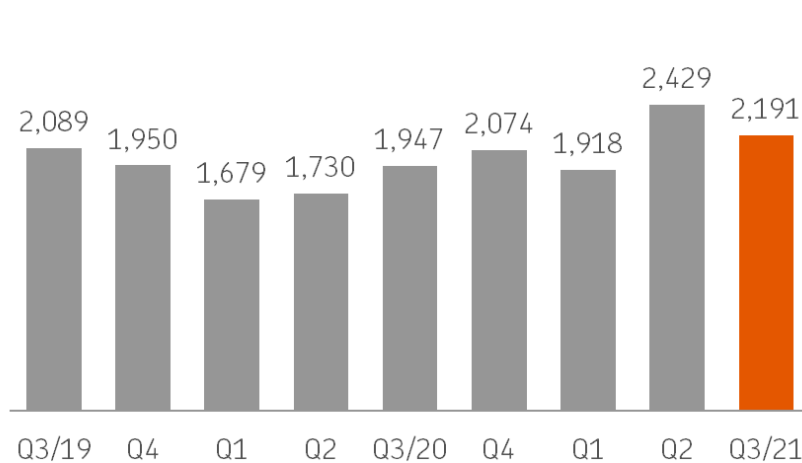


Net commissions and fees, € million

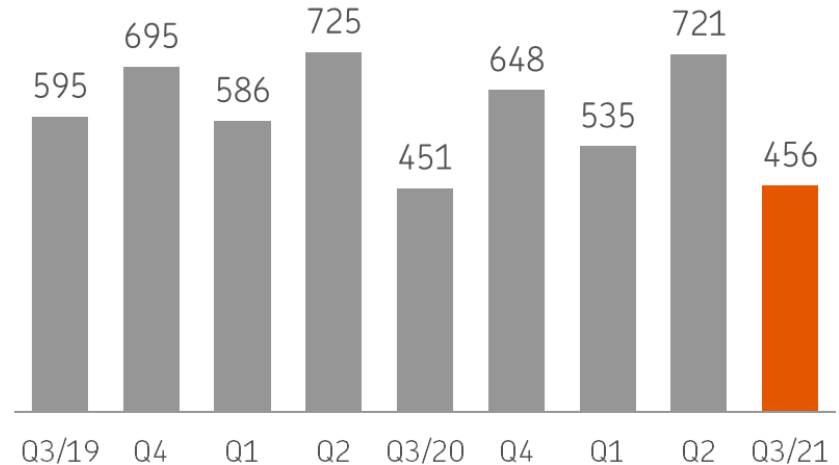


Home loan drawdowns increased and SME corporate loan drawdowns decreased year on year

Home loans drawn down, € million

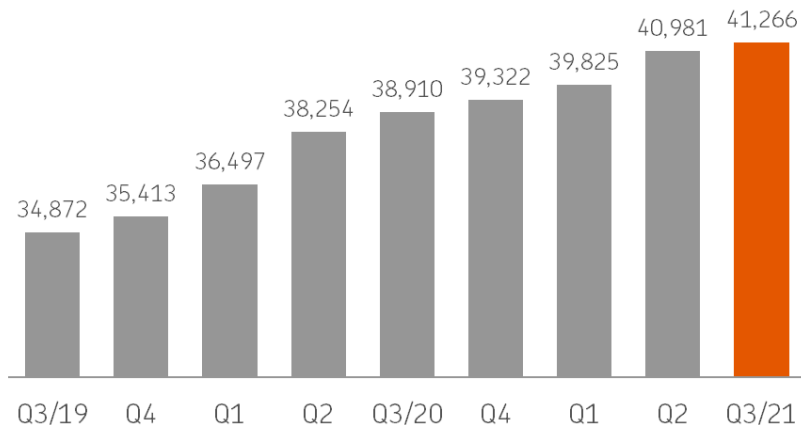


SME corporate loans drawn down, € million

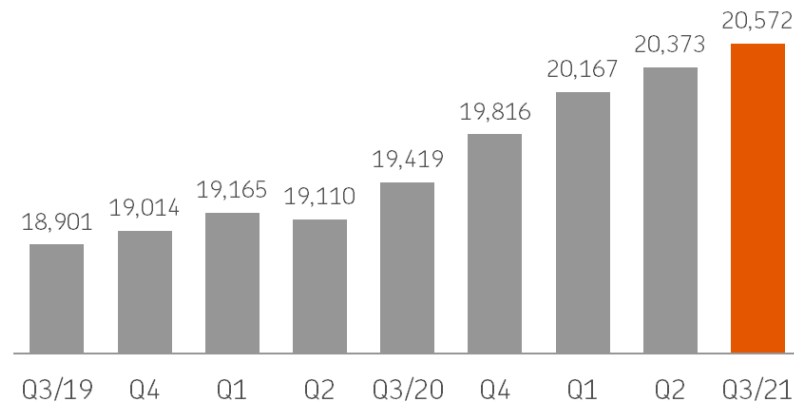


Growth in current and payment transfer account deposits and investment deposits

Current and payment transfer account deposits, € million

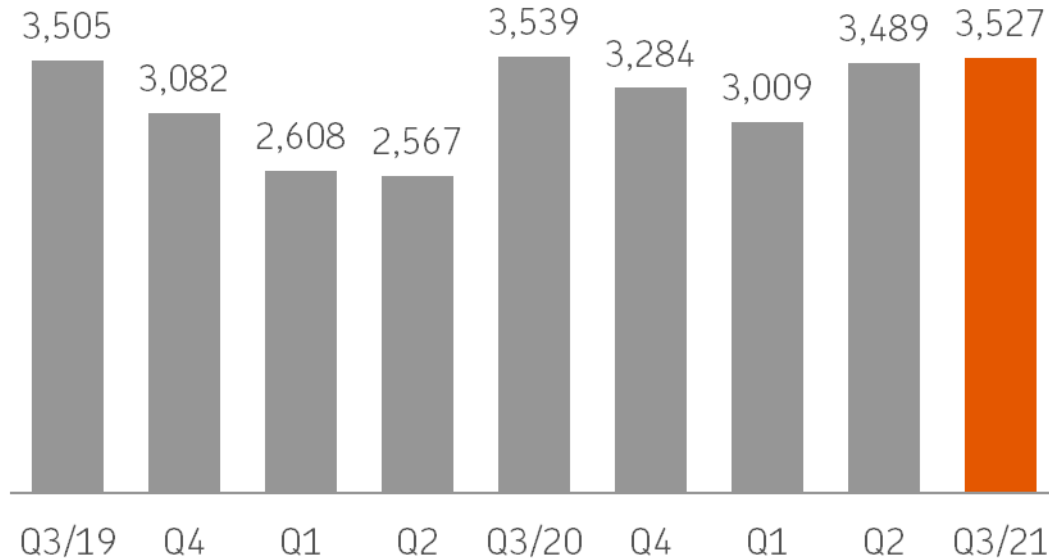


Investment deposits, € million



Volume of brokered homes and real property transactions was higher than a year ago

No. of brokered homes and real property transactions



A woman with blonde curly hair, wearing a maroon fedora-style hat, black-rimmed glasses, and a black leather jacket over a black and white striped shirt, is smiling and talking on a mobile phone. She is standing in a city street at dusk, with warm streetlights and blurred buildings in the background. A white horizontal line is positioned above the text "Corporate Banking".

Corporate Banking

Corporate Banking

OP is Finland's leading provider of corporate loans.

OP Financial Group's Corporate Banking segment comprises banking for corporate and institutional customers as well as asset management business, including OP Corporate Bank plc's banking, OP Asset Management Ltd, OP Fund Management Company Ltd and OP Property Management Ltd.

- OP provides banking services to companies and organisations and associations. We provide our customers with a wide range of services for financing, payment transactions and cash management, investment, risk management and the development of business. We always tailor our solutions to the needs of our corporate customers.
- OP also seeks to meet its Private and corporate customers' savings and investment needs in a customer-focused and comprehensive way and to provide the best digital asset management services.

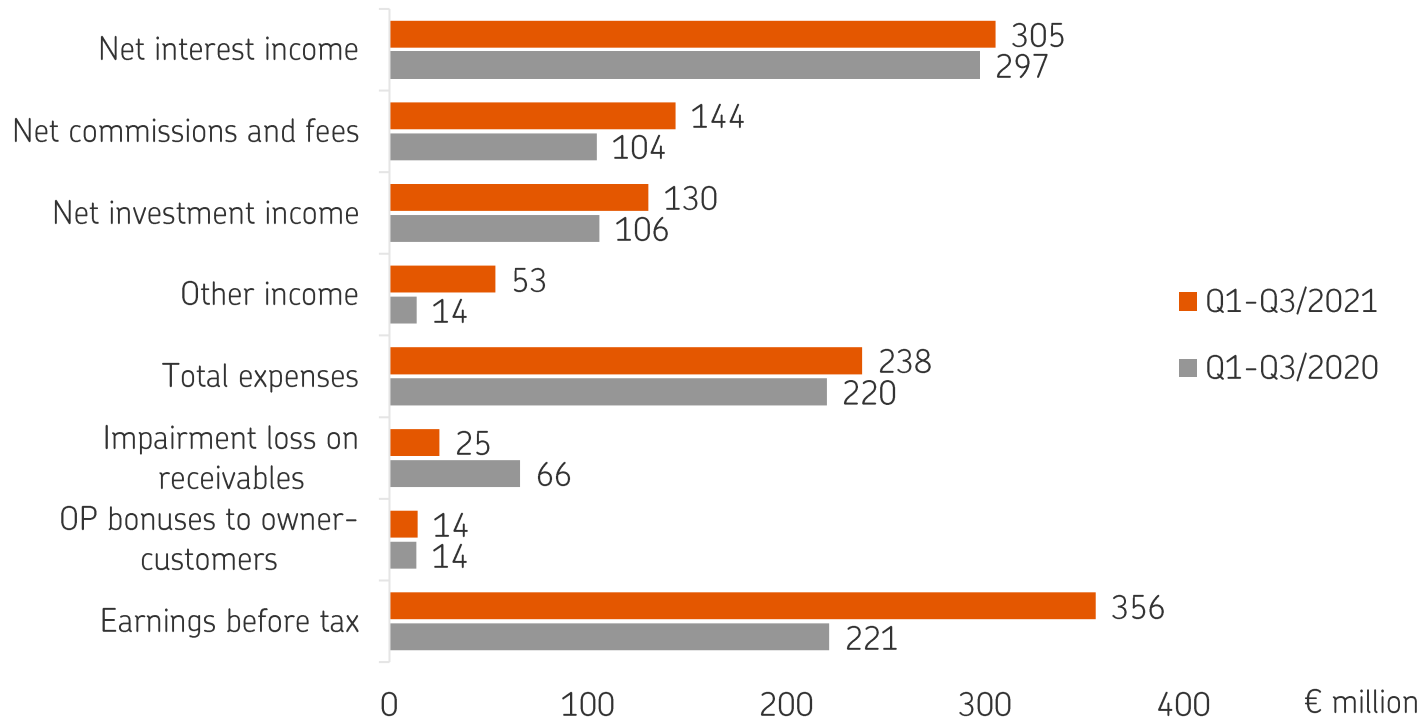
Key figures for Q1-Q3/2021

Earnings before tax
€356 million

Loan portfolio
€24.4 billion

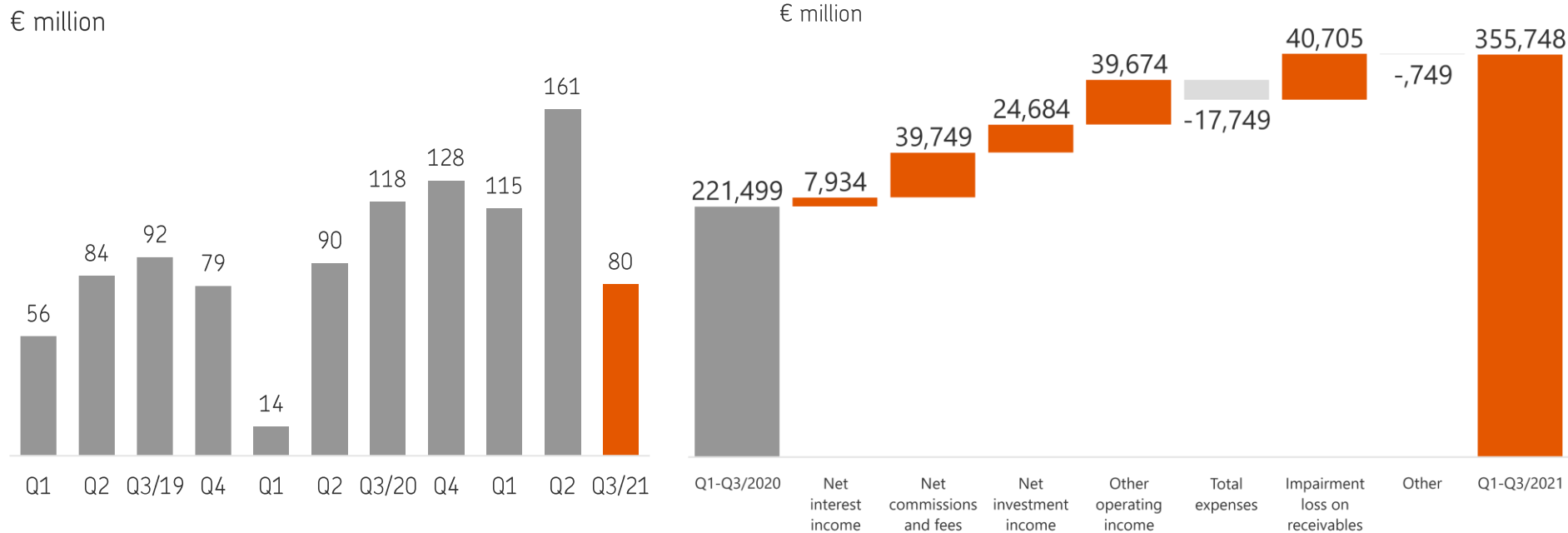
Assets under
management
€81.2 billion

Corporate Banking earnings before tax EUR 356 million



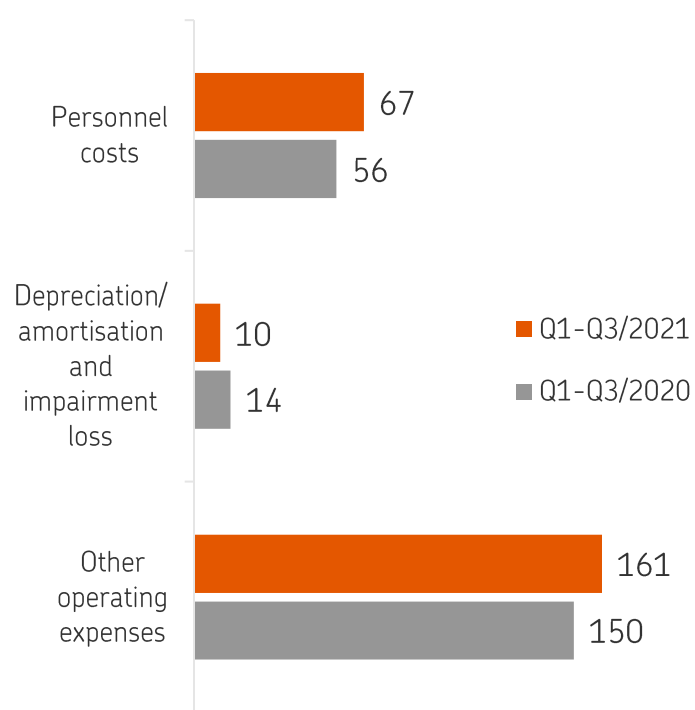
Earnings for January–September grew by EUR 134 million, total income increased on a wide front

€ million

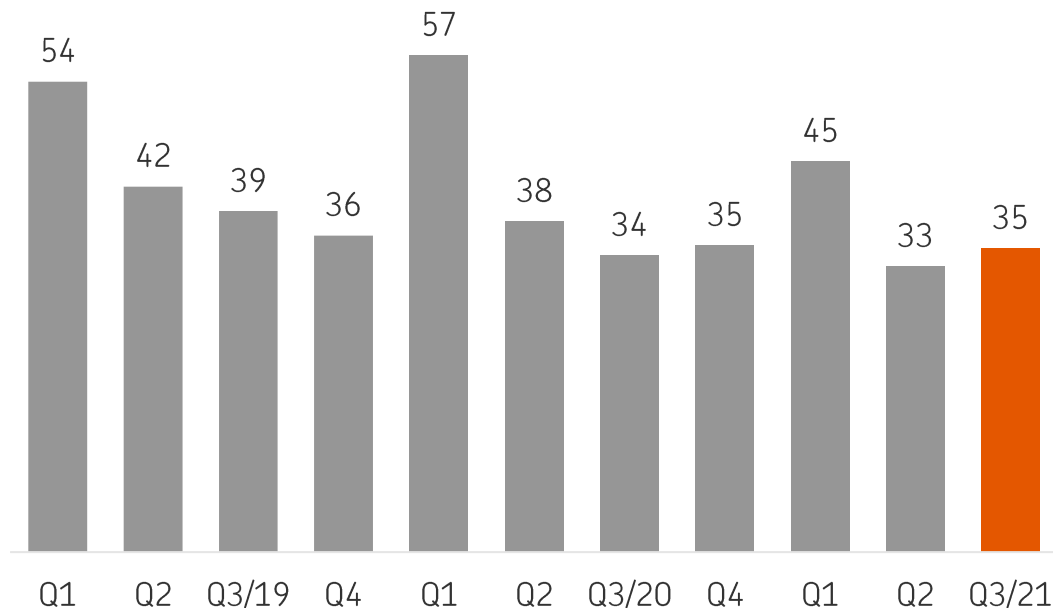


Cost/income ratio for January–September was 37.6%

€ million

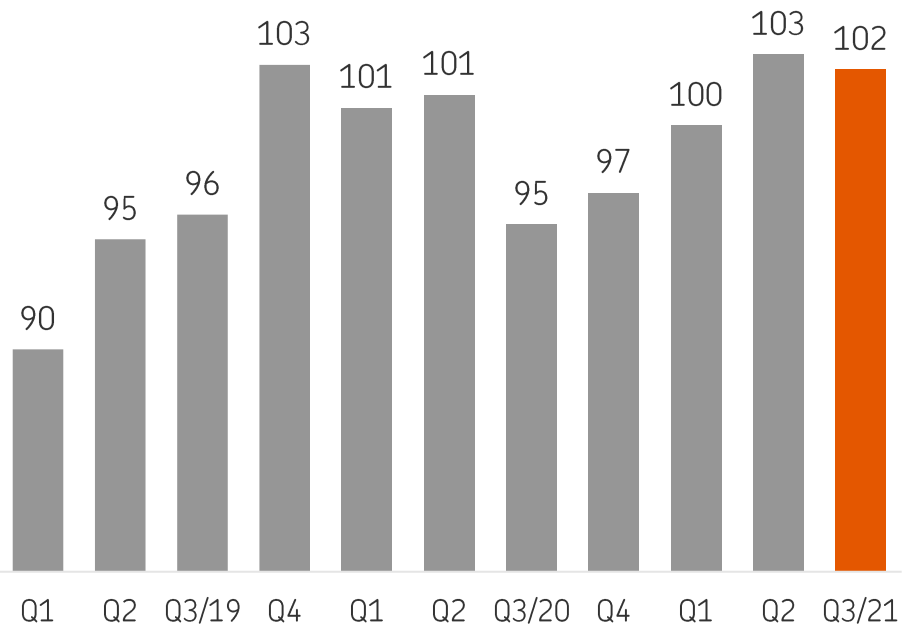


Cost/income ratio, %

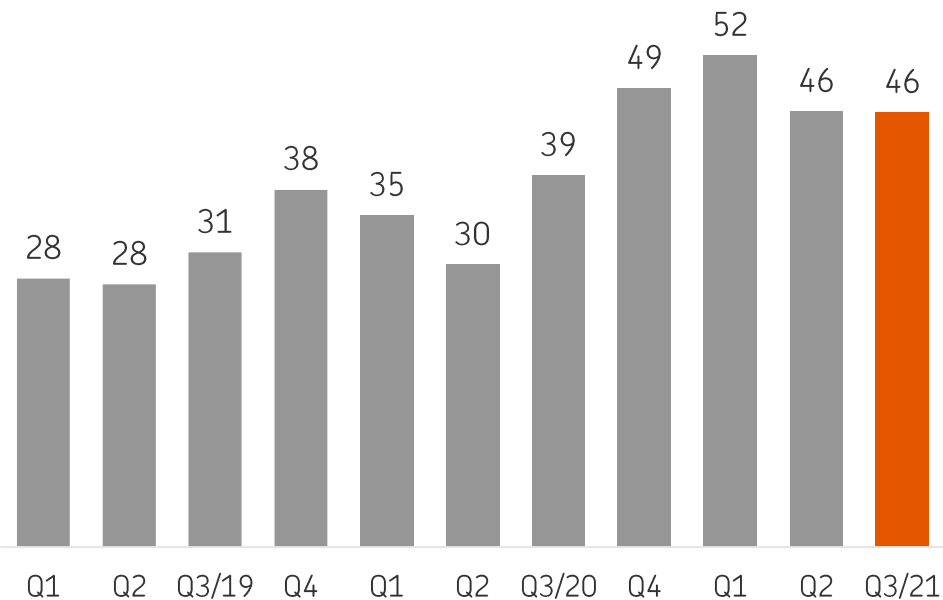


Net commissions and fees increased by EUR 40 million year on year

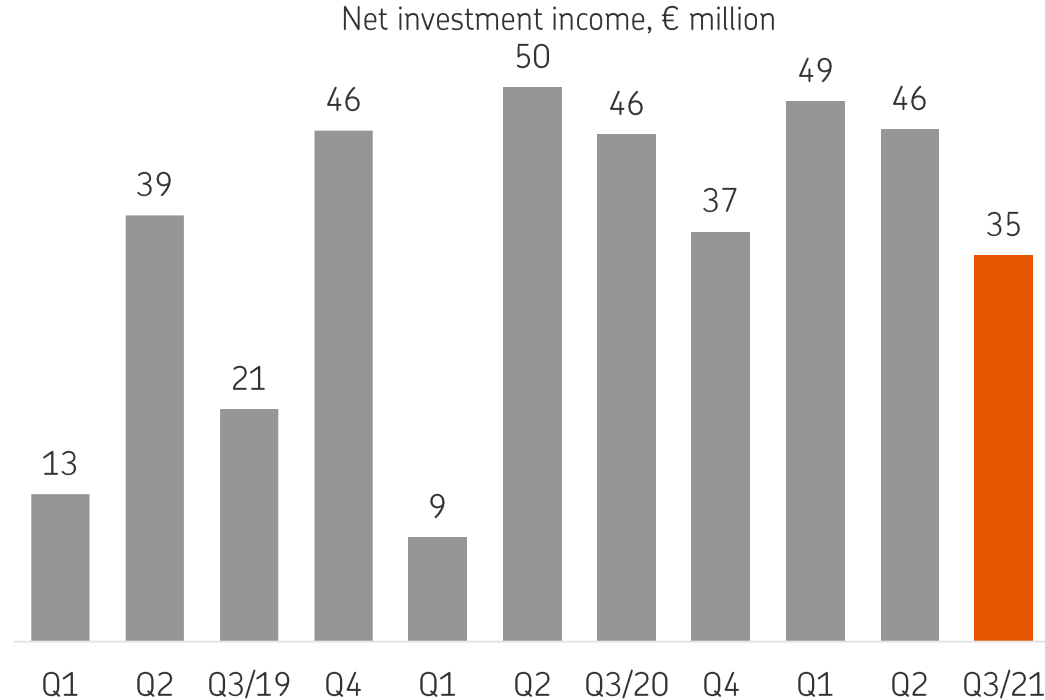
Net interest income, € million



Net commissions and fees, € million



Net investment income increased by 25% year on year



Insurance



Insurance

OP Financial Group provides an extensive range of non-life and life insurance services to private, corporate and institutional customers. The insurance business segment comprises Pohjola Insurance, OP Life Assurance Company and Pohjola Hospital. Pohjola Insurance will sell Pohjola Hospital and focus on its core business.

- The key insurance lines for private customers include home, motor vehicle and other property policies and personal insurance, such as accident and health policies, as well as comprehensive services for saving through insurance.
- We provide our corporate customers with diversified risk management services, which enable them to better ensure trouble-free and secure business operations in the case of problems. For employee remuneration and companies' investment needs, we offer a diverse range of supplementary pension and investment solutions.
- With our claims service partners, we can ensure high-quality customer experience, and claims services that are cost-efficient, of consistent quality and closely available to our customers

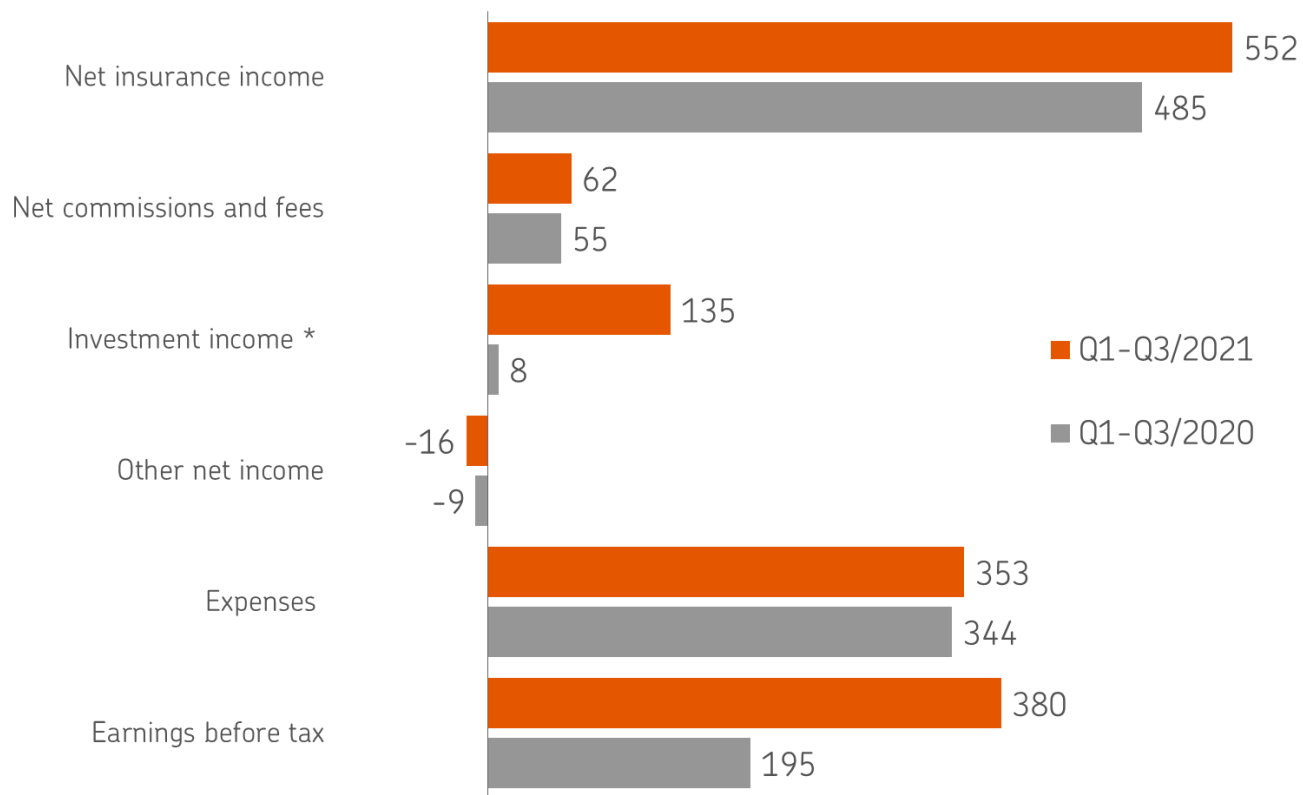
Key figures for Q1-Q3/2021

Earnings before tax
€380 million

Insurance premium
revenue
€1,151 million

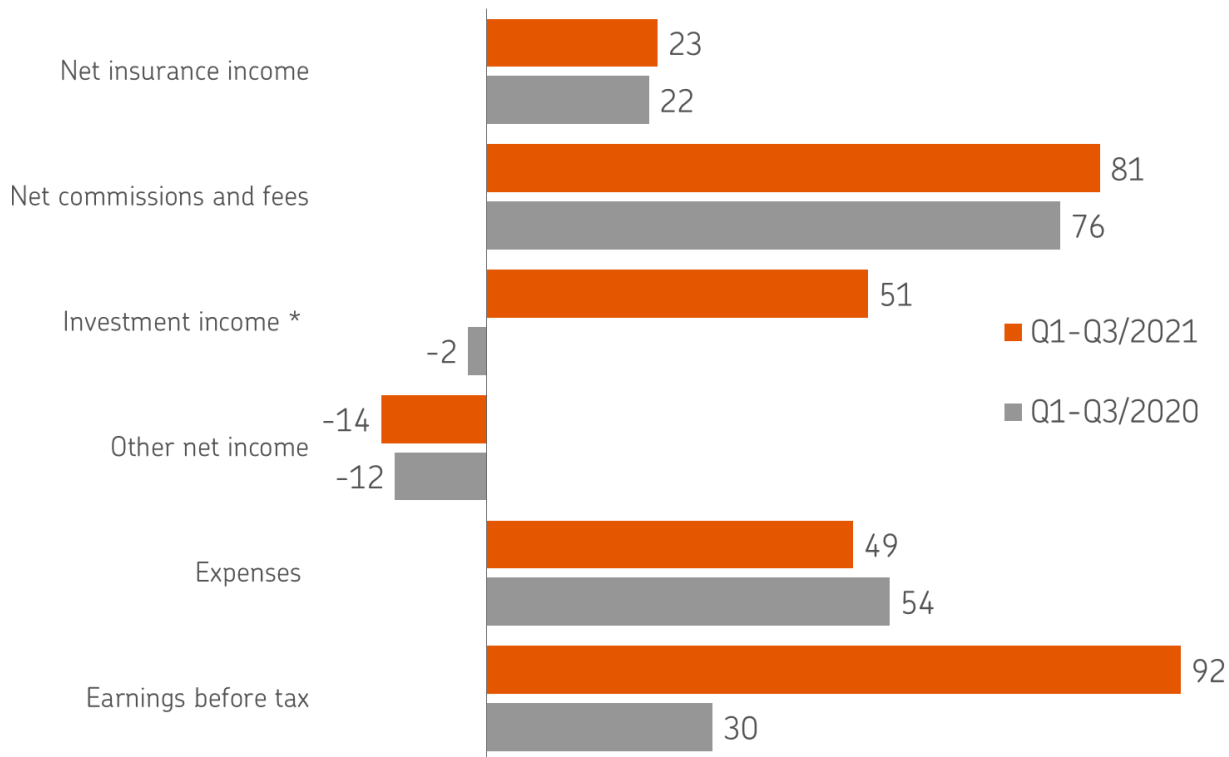
Unit-linked insurance
assets
€12.6 billion

Insurance EBT, € million



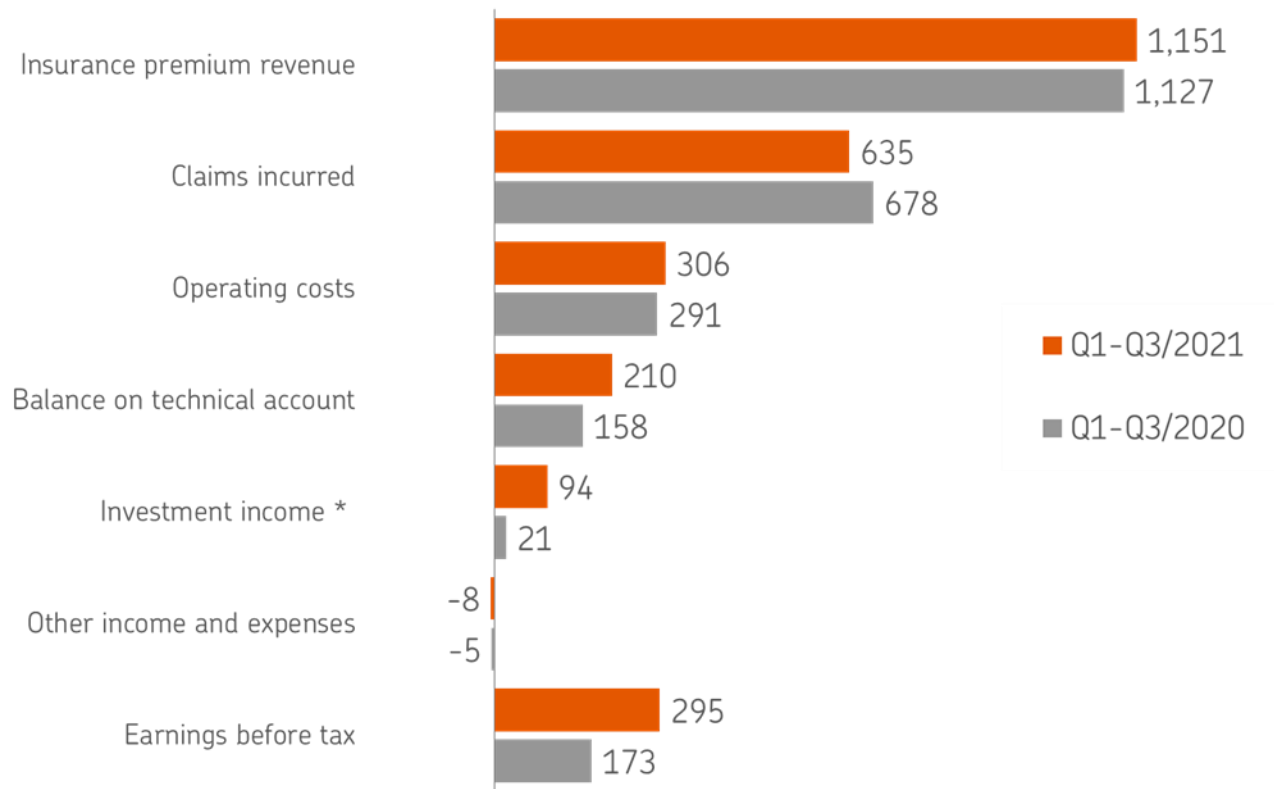
* Includes net investment income and overlay approach

Life Insurance EBT, € million



* Includes net investment income and overlay approach

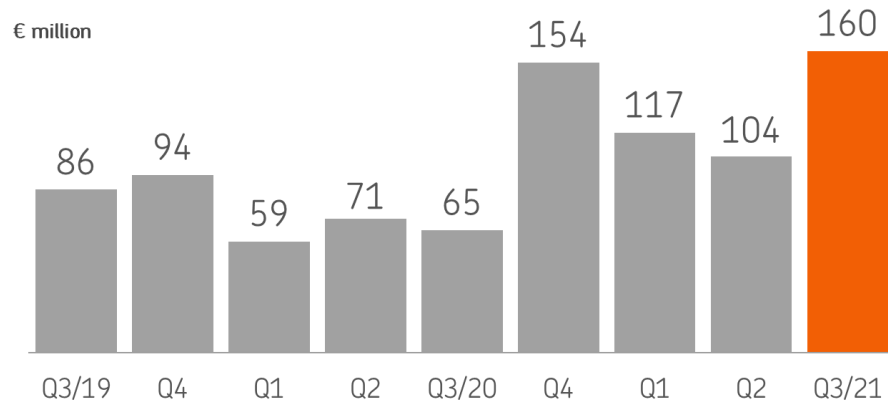
Non-Life Insurance EBT, € million



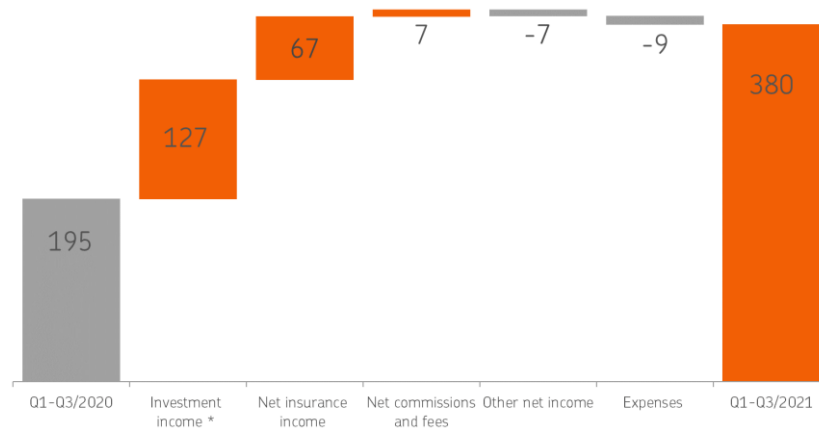
* Includes net investment income and overlay approach

EBT up by EUR 186 million year on year

Earnings before tax
€ million by quarter



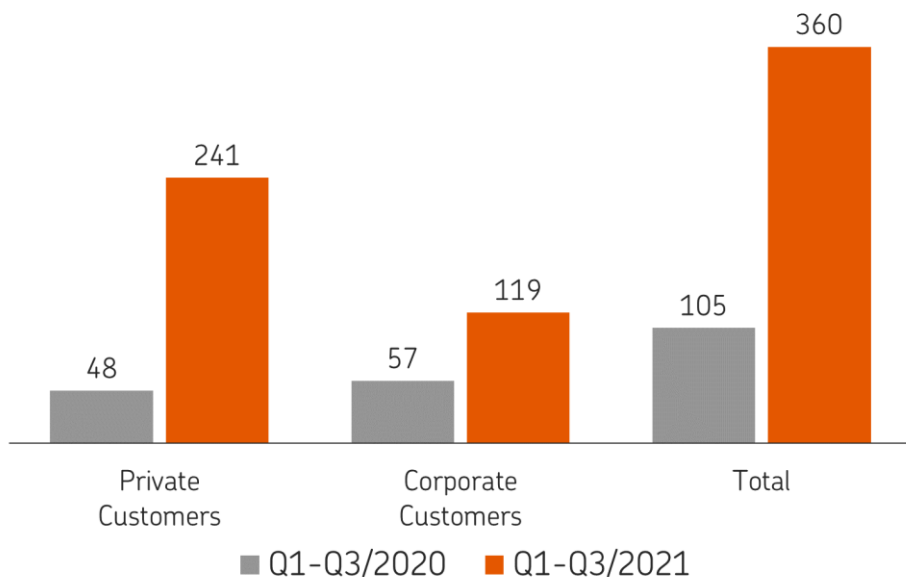
Earnings before tax, € million
Q1-Q3/2021 change vs. Q1-Q3/2020



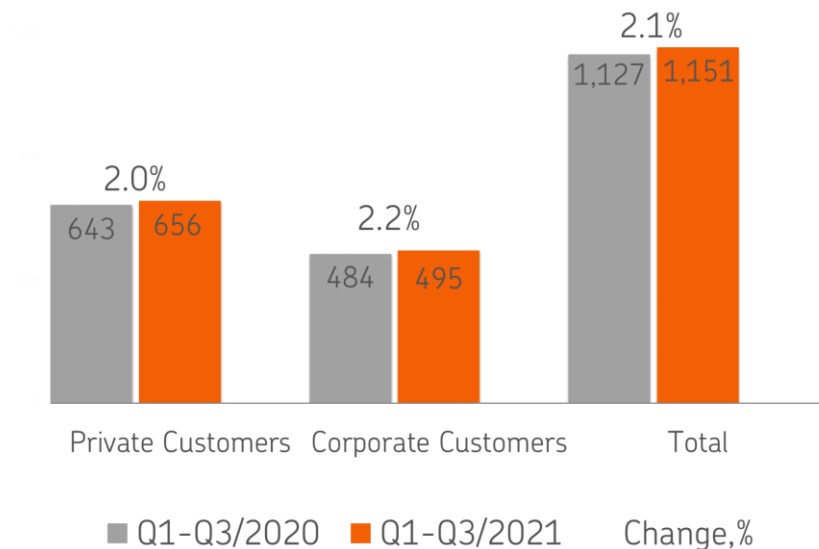
* Includes net investment income and overlay approach

Net sales and insurance premium revenue

Life Insurance, Net assets inflow of unit-linked insurance contracts, € million

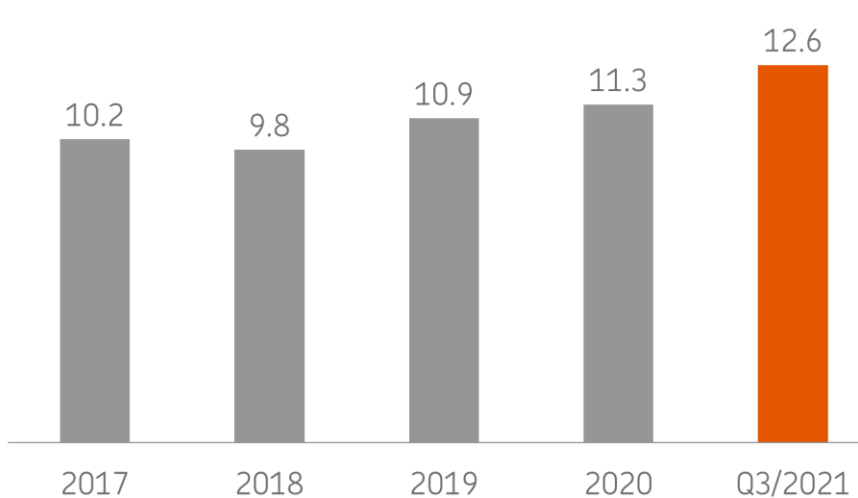


Non-life Insurance premiums written, € million



Unit-linked insurance assets increased by 11.7%

Unit-linked insurance assets, € billion

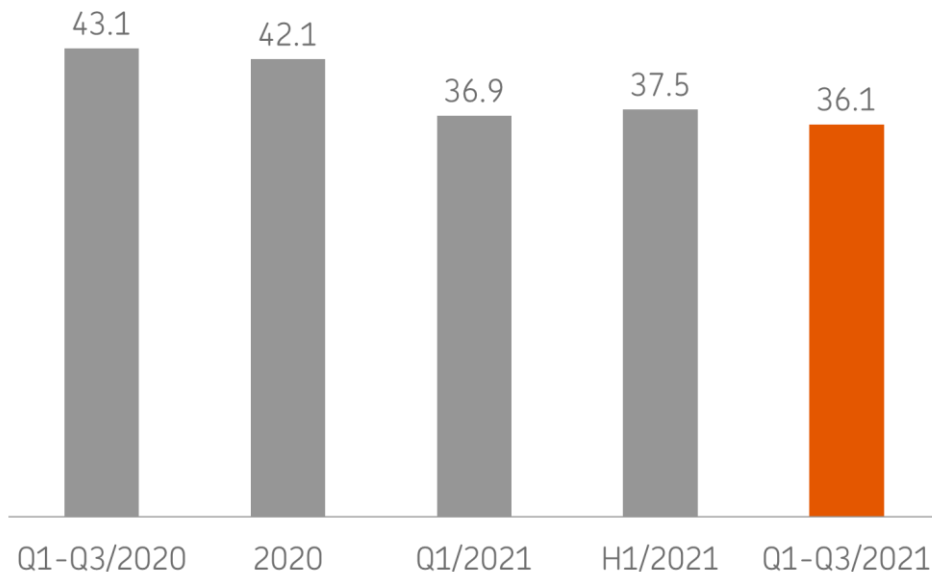


Change in unit-linked insurance assets, € million

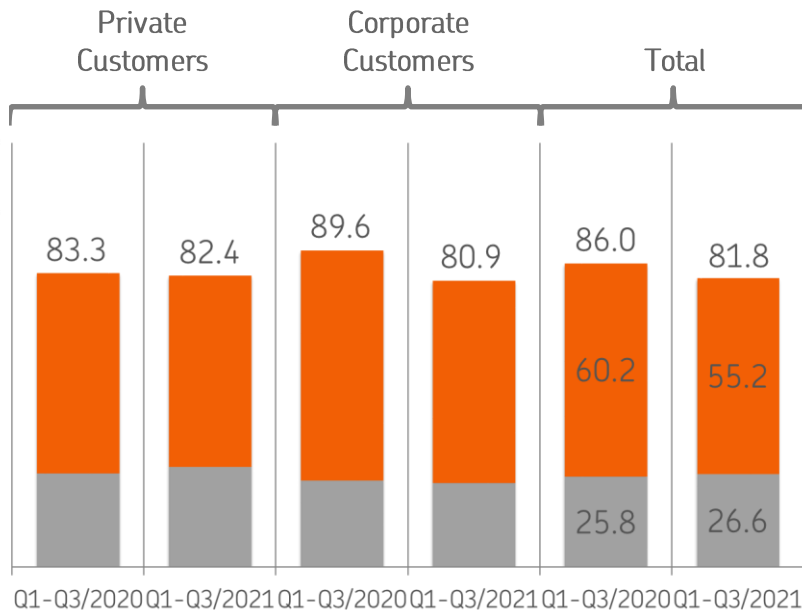


Insurance profitability

Life Insurance, operating ratio %



Non-life Insurance, operating combined ratio %



■ Operating cost ratio

■ Operating risk ratio

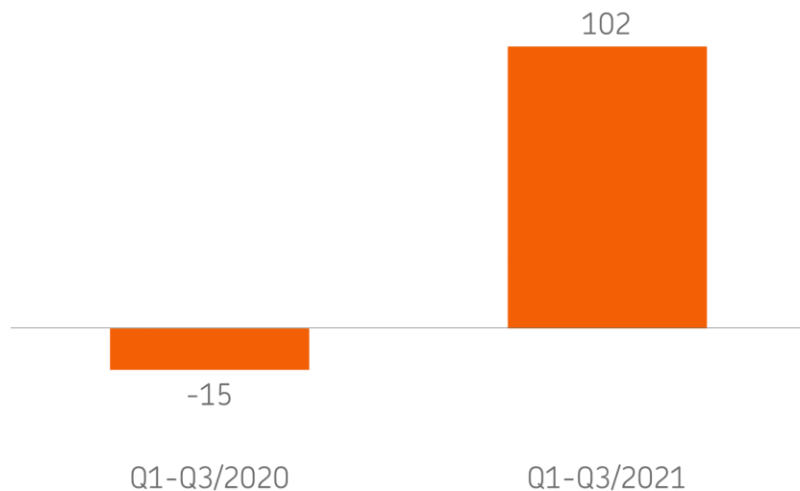
Operating combined ratio

OP Financial Group

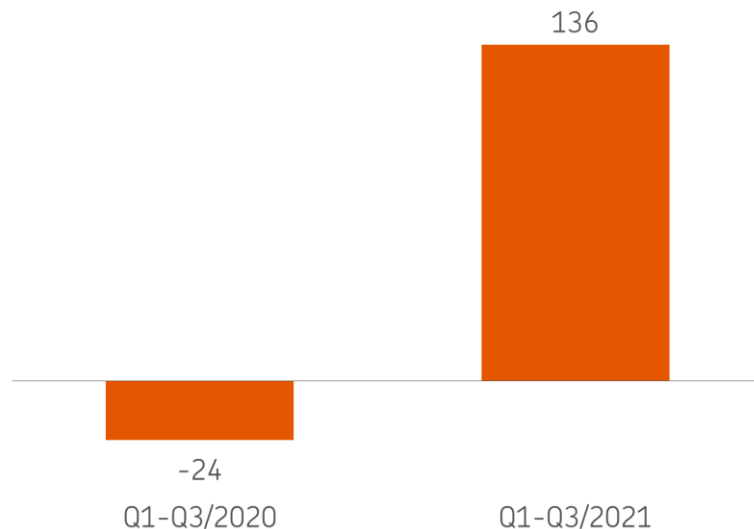


Net return on insurance investments at fair value, € million

Life Insurance *



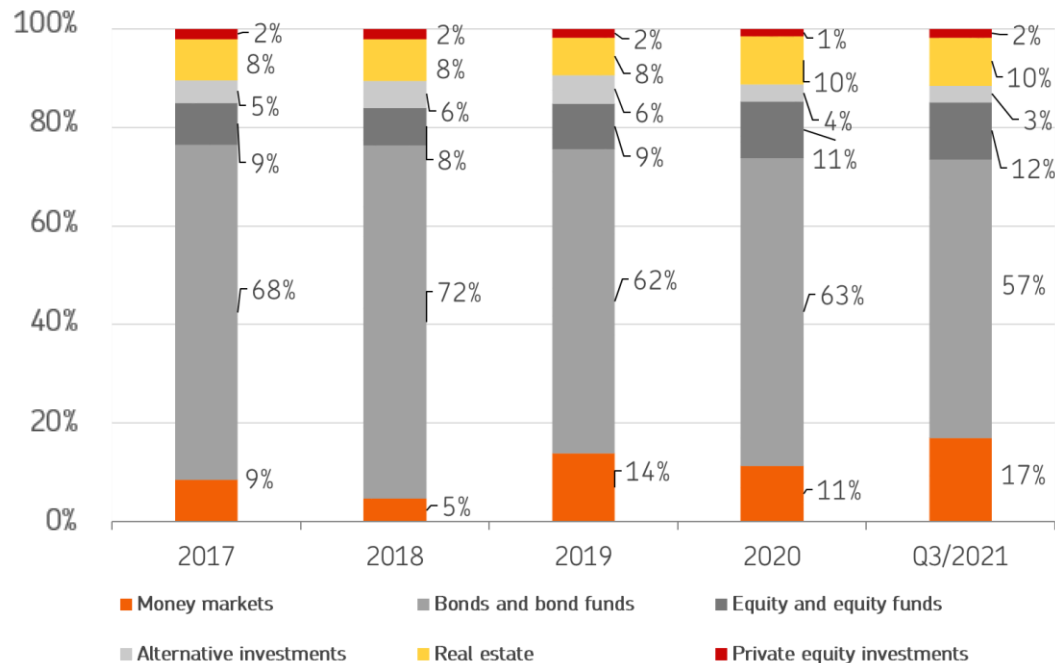
Non-life Insurance *



*Net return on investments at fair value is calculated by deducting the value change in market-consistent insurance liability from income from total investment assets. These Life Insurance investments exclude the so-called separated balance sheets that were transferred from Suomi Mutual.

Non-life insurance investment portfolio allocation

Investment portfolio (€4.2 bn) by asset class as at 30th September 2021

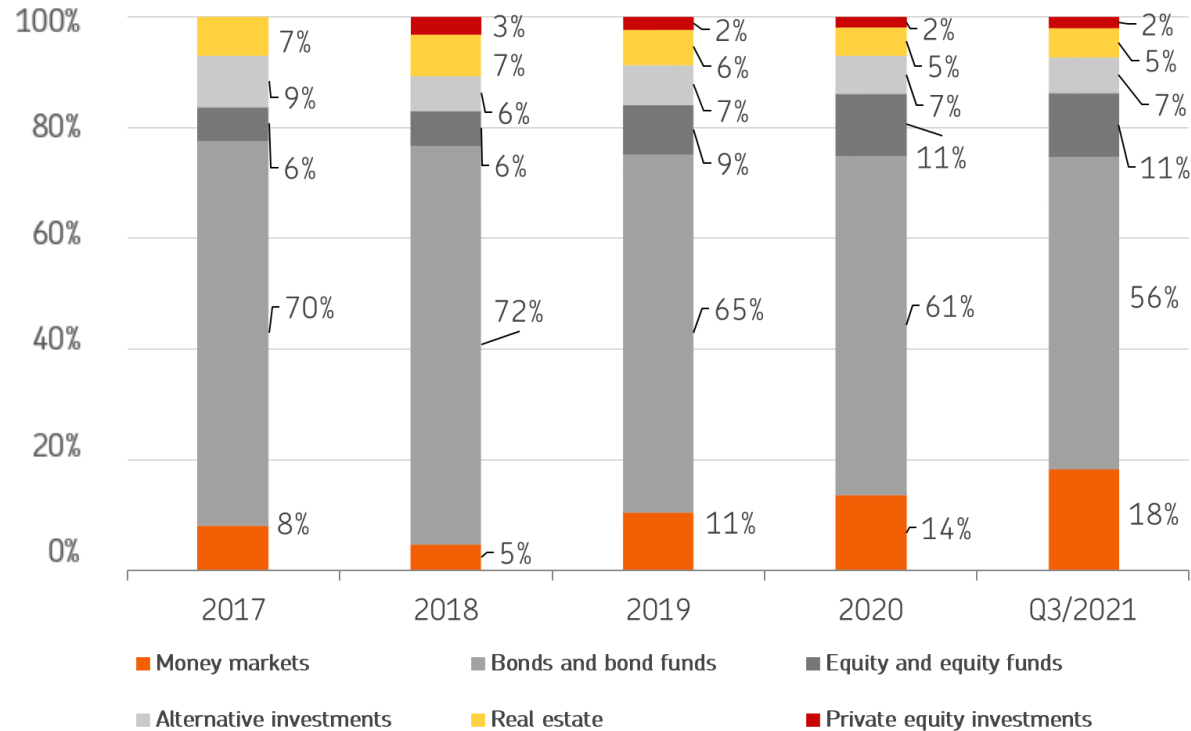


The duration of the fixed-income portfolio was 3.2 (3.5) years.

The running yield for direct bond investments averaged 0.9% (1.2) at end-September 2021.

Life Insurance investment portfolio allocation

Investment portfolio (€3.6 bn) by asset class as at 30th September 2021



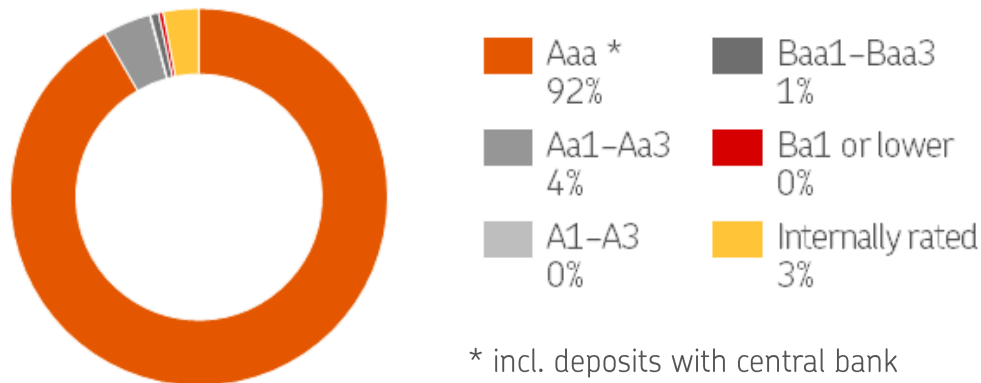
The duration of the fixed-income portfolio was 3.2 (3.2) years.
The running yield for direct bond investments averaged 0.9 (1.1) at end-September 2021.

A woman with blonde hair, wearing a red fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is smiling and talking on a mobile phone. She is standing in a city street at dusk or night, with warm streetlights and blurred buildings in the background. A white horizontal line is positioned above the text.

Liquidity and funding

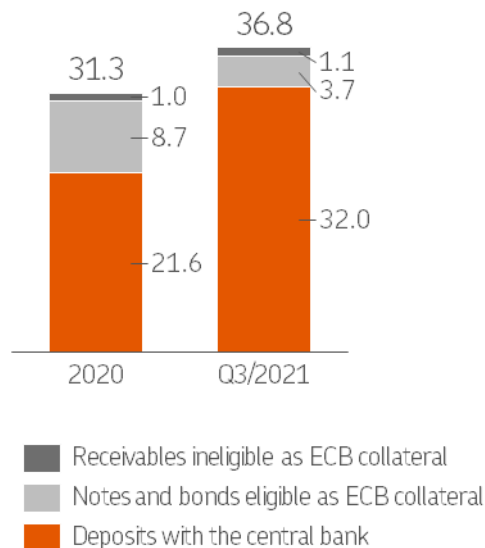
Liquidity buffer includes highly-rated assets

Liquidity buffer by credit rating as at 30 September 2021



Liquidity buffer €36.8 bn at end-Sep 2021

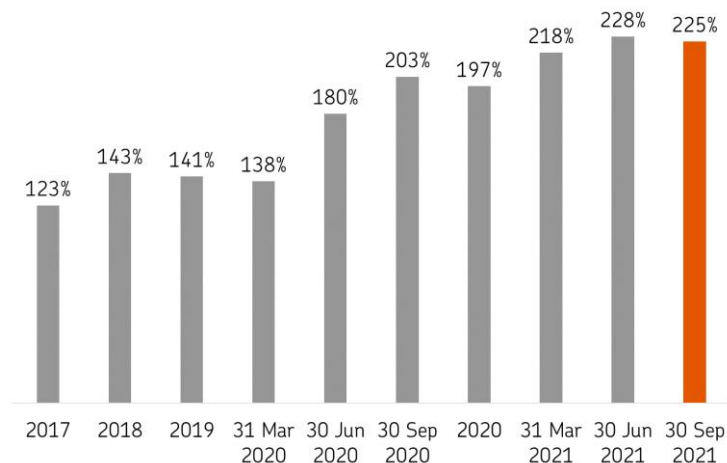
Liquidity buffer breakdown, € bn



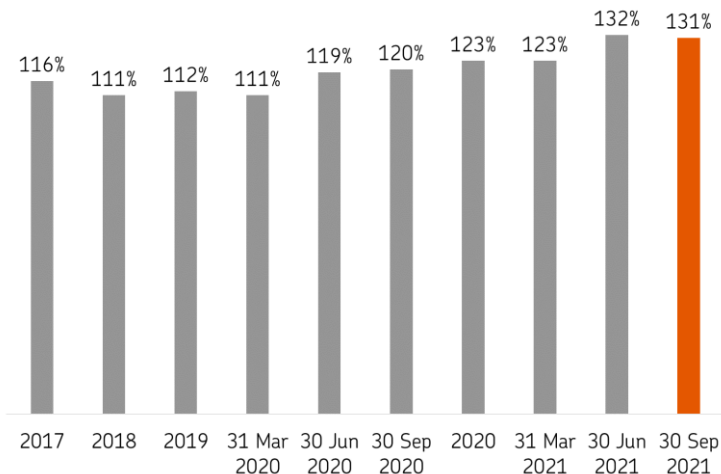
The liquidity buffer is sufficient to cover the need for short-term funding for known and predictable payment flows and in a liquidity stress scenario.

OP's liquidity and funding position remained good

Liquidity Coverage Ratio (LCR)

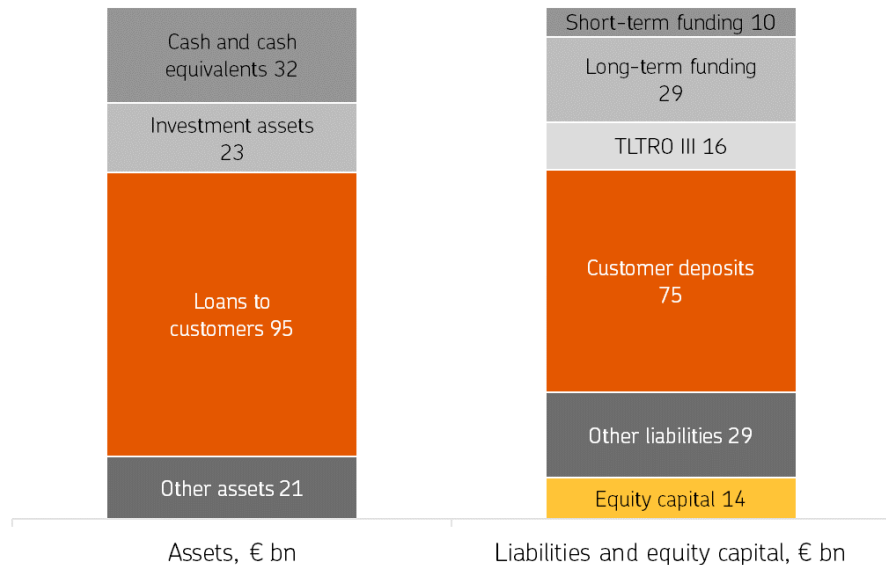


Net Stable Funding Ratio (NSFR)

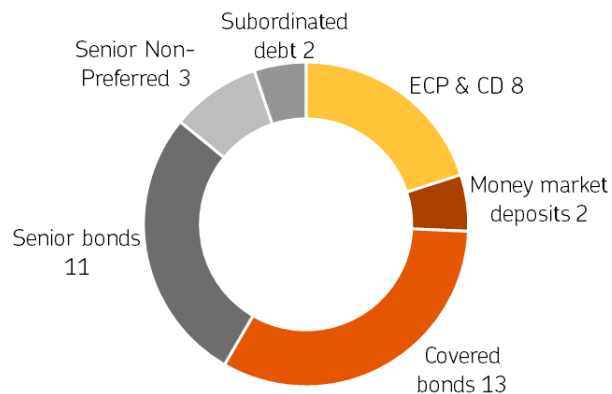


Balance sheet totaled €172 bn at end-Sep 2021

Loans 55%, deposits 43% and market-based funding 22% of the balance sheet



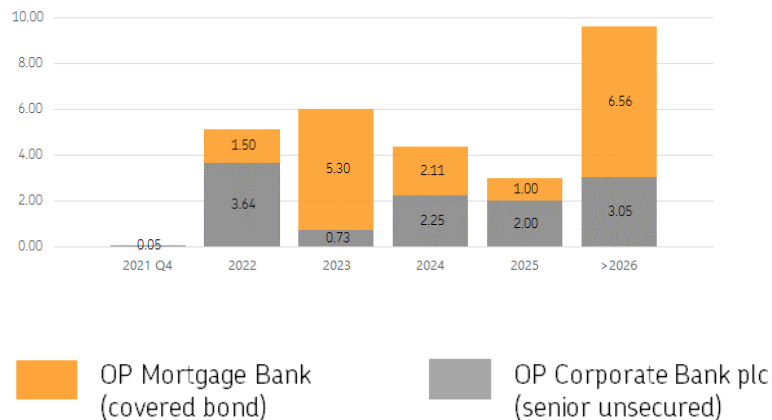
Long-term and short-term funding, € bn



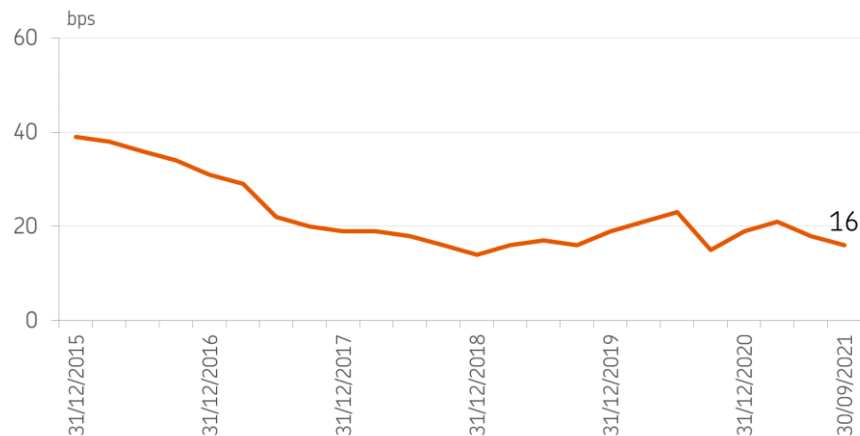
Deposits within the scope of deposit guarantee €43 bn. The Deposit Guarantee Fund compensates a maximum of €100,000 for each OP Financial Group customer.

Maturity breakdown and average margin of long-term wholesale funding

Issued senior unsecured and covered bonds by maturity, 30 Sep 2021 (€ bn)



Average margin of senior & SNP wholesale funding, TLTRO funding and covered bonds



Issued long-term bonds €3.3 bn in Q1-Q3/2021

OP Corporate Bank plc's benchmark bonds

Year	Month	Amount	Maturity
2021	September	€500 mn (SNP)	7.25 yrs
2021	June	€500 mn (SNP)	7 yrs
2021	March	€500 mn (SNP) €300 mn (SNP)	5 yrs 10 yrs
2020	November	€1 bn	7 yrs
2020	June-July	€1 bn	4 yrs
2020	June	€1 bn (T2)	10 yrs (10 non-call 5)
2020	June	SEK3.25 bn (T2)	10 yrs (10 non-call 5)
2020	May	€1 bn	5.25 yrs
2020	January	€500 mn (SNP)	7 yrs

OP Mortgage Bank's covered bonds

Year	Month	Amount	Maturity
2021	March	€750 mn	10 yrs
2020	November	€1.25 bn	10 yrs
2020	January	€1 bn	8.25 yrs

In March 2021, OP participated in ECB's TLTRO III financing operation by €5 bn.

In June 2021, OP participated in ECB's TLTRO III financing operation by €3 bn.

A woman with blonde hair, wearing a red fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is smiling and talking on a mobile phone. She is standing on a cobblestone street in an urban setting with blurred buildings and warm streetlights in the background. A white horizontal line is positioned above the text.

Capital adequacy and capital base

Three capital requirements

Consolidated capital adequacy = capital adequacy of the amalgamation of cooperative banks

- The Group's operations are based on the Act on the Amalgamation of Deposit Banks.
- The Act on the Amalgamation of Deposit Banks sets the minimum capital for the amalgamation of cooperative banks, which is calculated according to the CRR rules and the Act on Credit Institutions.
- The amalgamation of cooperative banks consists of the amalgamation's central institution (OP Cooperative), its member credit institutions and the companies belonging to their consolidation groups. Although OP Financial Group's insurance companies do not belong to the amalgamation of the cooperative banks, investments made in them have a major impact on capital adequacy calculated in accordance with the capital adequacy regulations for credit institutions.

Solvency II for insurance companies

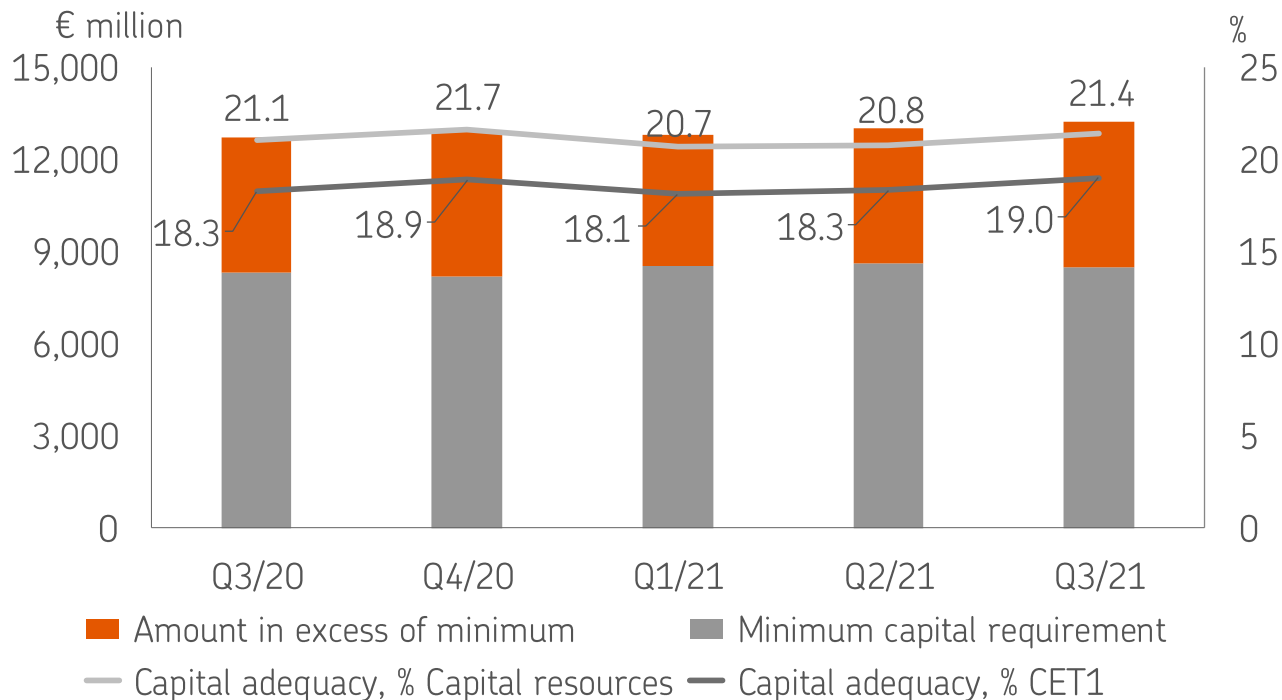
- The operations and solvency requirements for insurance companies are based on the Insurance Companies Act and EU regulation.
- The solvency capital requirement (SCR) is calculated for individual insurance companies and the insurance conglomerate. The companies are required to cover SCR using the Group's sufficient buffer specified internally.
- Eligible capital covers solvency requirements.
- The scope of an insurance conglomerate is the same as the scope of the financial and insurance conglomerate referred to in the Act on the Supervision of Financial and Insurance Conglomerates.

Capital adequacy ratio (under the Act on the Supervision of Financial and Insurance Conglomerates) = OP Financial Group's capital adequacy

- OP Financial Group is a financial and insurance conglomerate referred to in the Act on the Supervision of Financial and Insurance Conglomerates. Such conglomerates are governed by specific provisions of the capital adequacy requirement.
- Capital adequacy under the Act is calculated using the consolidation method, whereby items not included in the capital base, under the regulations for the banking or insurance industry, are added to the equity capital in the conglomerate's balance sheet.
- The capital base may not include items not available for covering the losses of other companies belonging to the conglomerate.
- The financial and insurance conglomerate's minimum capital requirement consists of the credit institutions' consolidated minimum capital requirement, buffers included, and the insurance companies' combined solvency capital requirements (SCR).

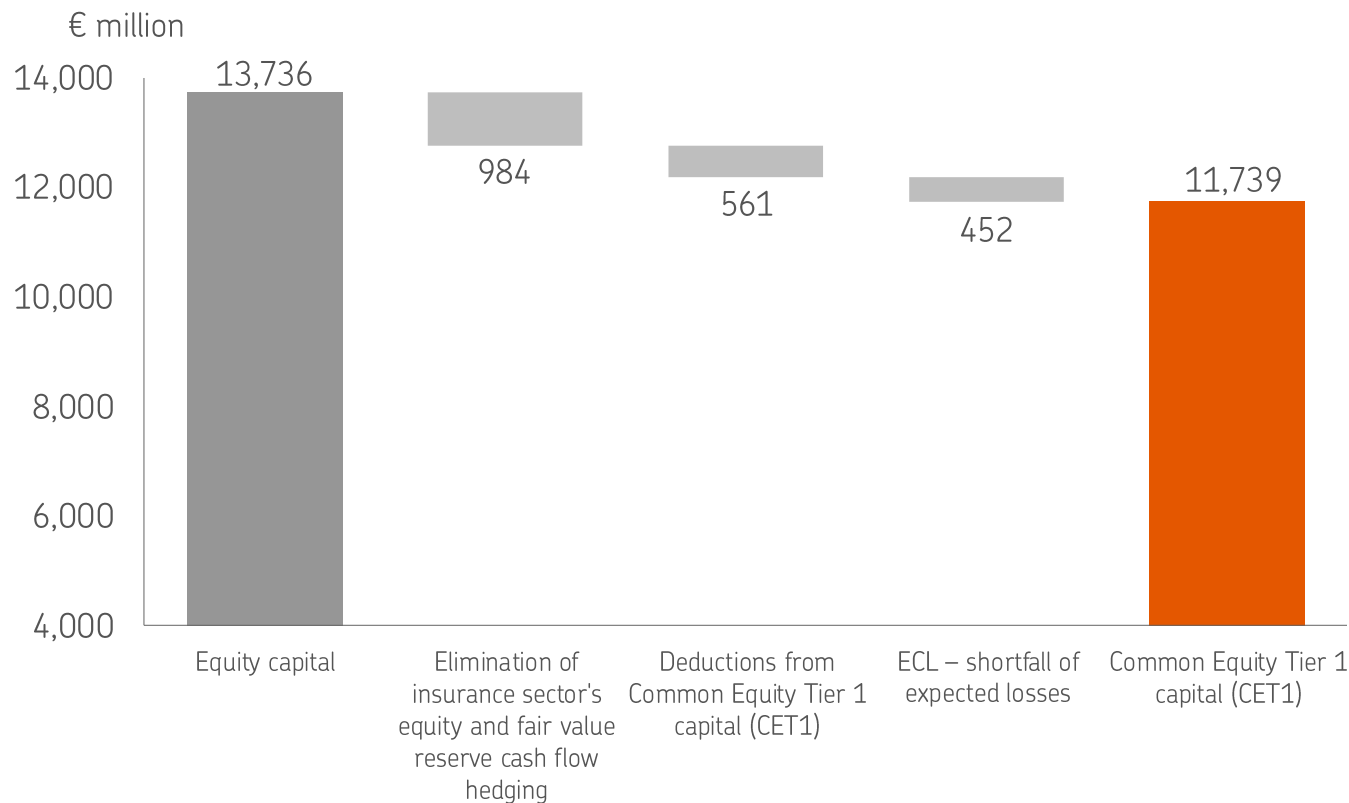
Amalgamation of cooperative banks

Capital base and capital adequacy

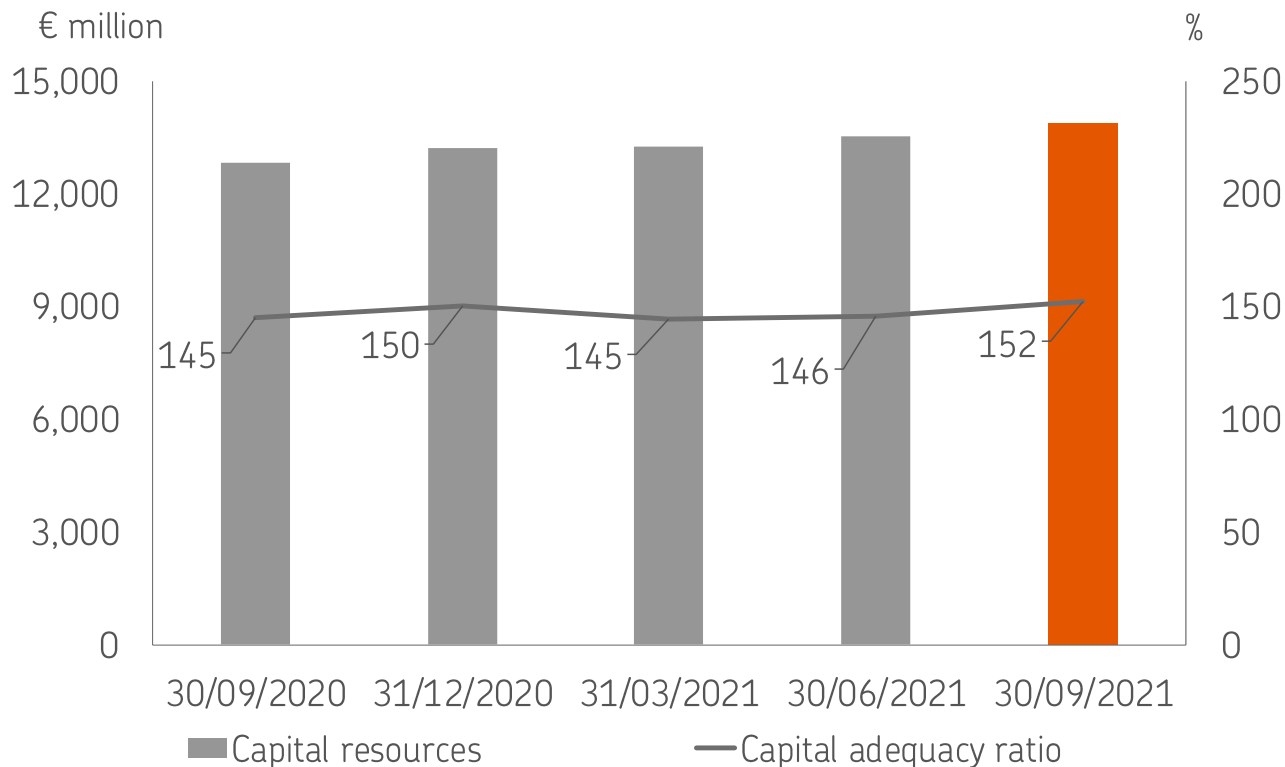


Common Equity Tier 1 (CET1)

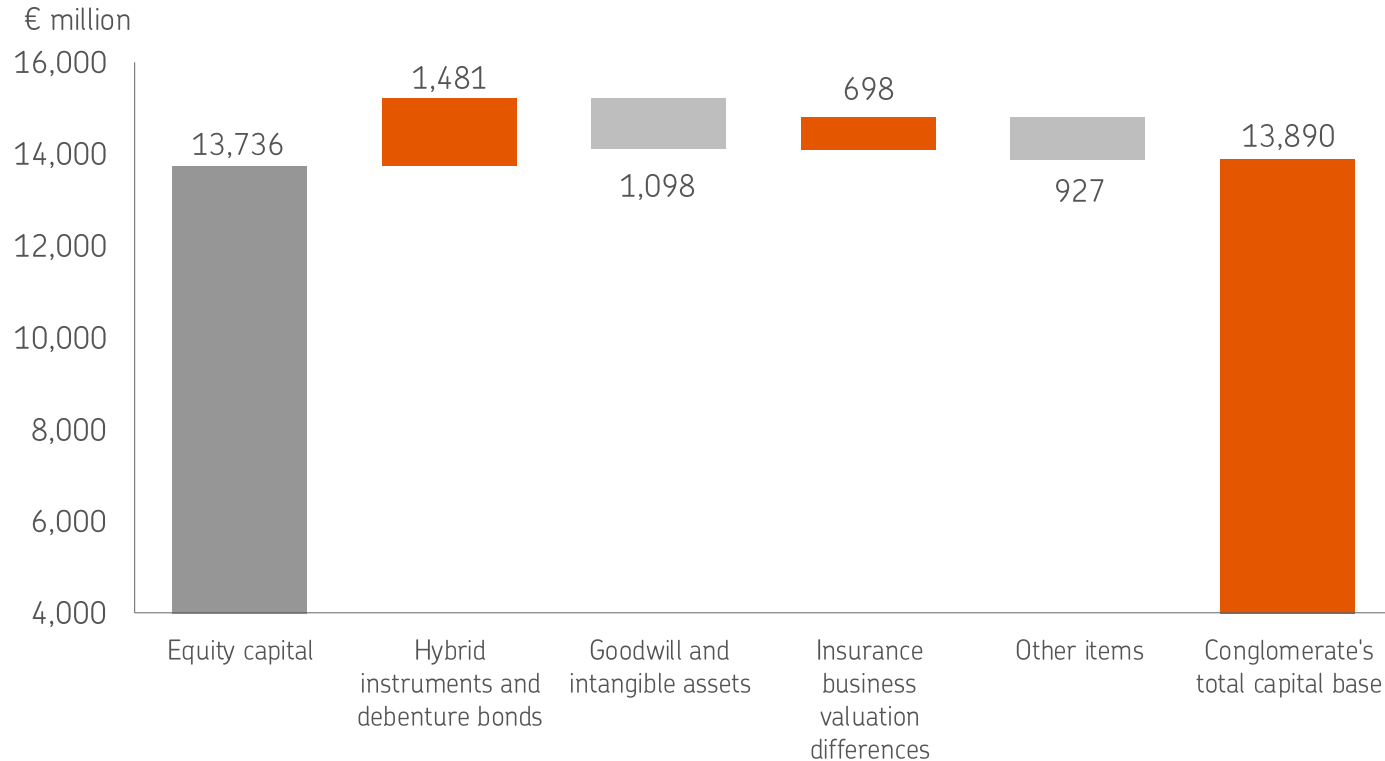
30 September 2021



OP Financial Group's capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates (FiCo)



FiCo capital 30 September 2021



A woman with blonde hair, wearing a red fedora-style hat, black-rimmed glasses, a black leather jacket, and a black and white striped shirt, is smiling and talking on a mobile phone. She is standing on a cobblestone street in an urban setting with blurred buildings and warm streetlights in the background. A white horizontal line is positioned above the text.

OP Financial Group in a nutshell



Globalisation and internationalisation

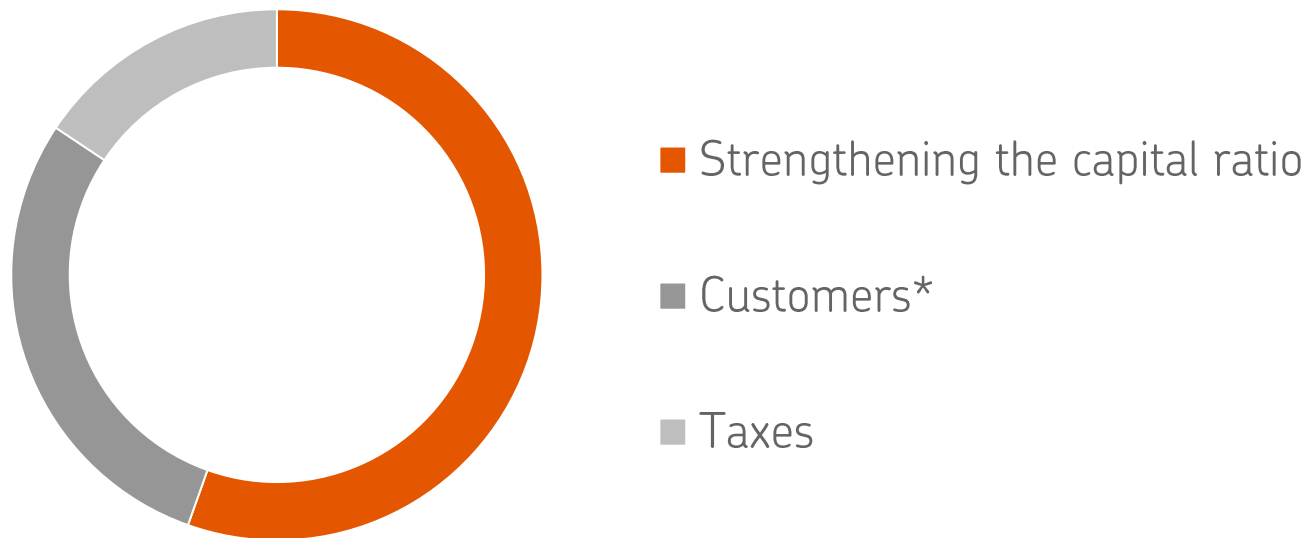
Urbanisation and demographic changes

Sustainable development and corporate responsibility

The power of technology and data

Ground rules of economy at a turning point

OP Financial Group allocates a substantial amount of its earnings to the benefit of its customers and operating region



Estimate of the allocation of period earnings, which is confirmed after the end of the reporting period

*) Customers = customer bonuses, discounts and interest on Profit Shares of owner-customers

OP Financial Group's strategic long-term targets

	30 Sep 2021	31 Dec 2020	Target 2025
Return on equity (ROE) excluding OP bonuses, %	8.1	6.6	8.0
CET1 ratio, %	19.0	18.9	At least CET1 ratio requirement + 4 pps
Brand recommendations, NPS (Net Promoter Score, private and corporate customers)	Banking: 27 Insurance: 15	Banking: 29 Insurance: 17	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	AA-/Aa3	At least at the level of AA-/Aa3

OP Financial Group's structure

2 million owner-customers

125 OP cooperative banks

Central cooperative

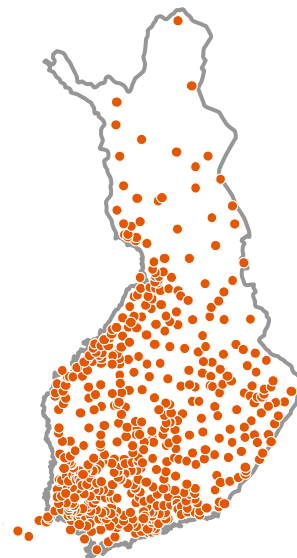
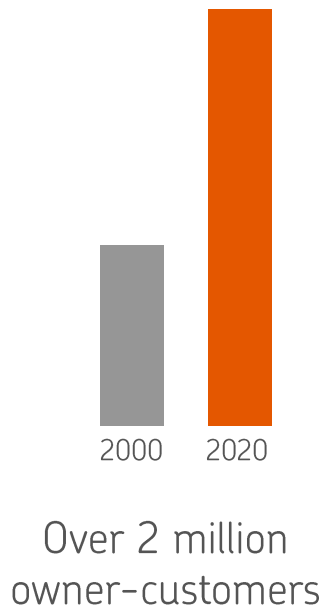
Retail Banking

Corporate Banking

Insurance

Over 12,000 OP employees

Finland's most extensive and diverse service network




125 OP cooperative banks

OP Financial Group's service channels

	Q1-3/2021	30 Sep 2021	12-month change
Online and mobile services, logins, million			
Op.fi	41.0		-24%
OP-mobile logins	355.9		20%
OP Business mobile	14.9		36%
Pivo mobile application, visits, million	32.6		-2%
eServices Agreements, million (private customers)		2.0	2%
Branches and telephone services			
Bank branches		327	-6%
Customer contacts in telephone service, million	3.2		-14%
Social media			
Followers on Facebook (OP Financial Group, Pohjola Insurance, OP Koti and OP cooperative banks)		469,000	8%
Followers on Twitter		68,337	20%
Followers on LinkedIn		49,846	9%
Followers on Instagram		24,672	41%
Followers on Youtube		7,486	34%

Joint Liability, Deposit Guarantee and Investors' Compensation

- Under the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä Act), the amalgamation of the cooperative banks comprises the organisation's central cooperative (OP Cooperative), its member credit institutions and the companies belonging to their consolidation groups, as well as credit and financial institutions and service companies in which the above-mentioned entities together hold more than half of the total votes.
- The central cooperative's member credit institutions at the end of the report period comprised OP Financial Group's member cooperative banks as well as OP Corporate Bank plc, Helsinki Area Cooperative Bank , OP Mortgage Bank and OP Retail Customers plc.
- By virtue of the Act on the Amalgamation of Deposit Banks, the central cooperative has both the right to control its credit institutions and the obligation to supervise their operations. The amalgamation of deposit banks is supervised on a consolidated basis. As laid down in applicable law, the member credit institutions and OP Cooperative are ultimately jointly and severally liable for each other's debts and commitments. OP Financial Group's insurance companies, for example, do not therefore fall within the scope of joint liability.
- Deposit banks belonging to OP Financial Group, i.e. its member cooperative banks, OP Corporate Bank plc and Helsinki Area Cooperative Bank, are regarded as a single bank with respect to deposit guarantee. Under legislation governing the Investors' Compensation Fund, OP Financial Group is also considered a single entity in respect of investors' compensation.



Together through
the ages.